

TRANSITION / BUSH UNDER ATTACK

Democrats See Cover-Up in Decision on Iraq Loan Inquiry

★ POLITICAL NOTES ★

House Majority Passes Speech Cutoff Rule

WASHINGTON — In a move that outraged Republicans, the House Democratic majority has decided to limit televised after-hours speeches by members of Congress to three hours a day divided equally between the two major parties.

The Democratic plan, which also would impose a 9 P.M. curfew on the previously unlimited "special orders" broadcast by the C-Span cable network, sailed through the party's caucus by a vote of 174 to 35.

Since the House has a lopsided Democratic majority of 258 to 176, the new rules were expected to be adopted when Congress convenes Jan. 5, despite the Republicans' protests that they would be deprived of a valuable forum to air minority views on national issues.

The issue has major political importance since the potential audience for the C-Span programming has been estimated at 60 million. The channel is carried on many cable television systems and transmits an assortment of floor speeches, government hearings and conferences unbridled. Under existing rules, each member of Congress may request to speak for as long as an hour after the close of legislative business. At times, the "special orders" have continued all night up to the time the House convenes the next day. (LAT)

4,500 Books Are Going to White House, Too

LITTLE ROCK, Arkansas — If there is still considerable uncertainty about the changes President-elect Bill Clinton intends to make after his inauguration on Jan. 21, at least one is now virtually carved in mahogany: There will be more bookshelves in the White House.

The Clintons are avid and eclectic readers. President George Bush, by contrast, appeared to freeze when asked on television in 1984 to name a book he had recently read. Eventually, he mentioned "The Guns of August," by Barbara Tuchman, published 22 years earlier. Ann McCoy, administrator of the Arkansas Governor's Mansion, said that the Clintons' private library, together with about a dozen still unopened book boxes in the attic, numbered about 4,500 volumes. (NYT)

Quote-Ungquote

Mickey Kantor, a member of the Clinton transition board, on the two-day televised conference of 300 economic leaders in Little Rock next week: "The process itself will be the product. It will be a defining moment. We will have everyone's attention, and therefore the whole nation will have a chance to connect to what is the most important issue: how to improve the economy." (NYT)

Away From Politics

• Searchers found the bodies of seven men killed in a coal mine explosion in Norton, Virginia, but dangerous levels of methane gas forced them to withdraw before they could remove the bodies or find an eighth miner, who is believed also to have died.

• Workers at a laboratory that makes electronic circuits may have suffered brain damage from handling solvents in the 1980s, doctors said. At least six of 25 Sandia National Laboratories workers studied by Duke University Medical Center showed symptoms of brain damage similar to those associated with solvent exposure, a doctor at the laboratory said. Their symptoms include memory loss and chronic headaches, the study said.

• The New York City Board of Education has reinstated a local school board in the Borough of Queens that the schools chancellor, Joseph Fernandez, suspended for refusing to use a curriculum that includes lessons about homosexual parents. The board voted, 6 to 0, to lift the suspensions of Community School Board 24's nine members, but reaffirmed the chancellor's authority to supersede the local board if the two sides cannot come to terms. It urged both sides to seek the help of a mediator.

• The nation is well on its way to meeting goals for recycling waste paper, but may be reaching its saturation point, according to the paper industry's main trade group. The American Paper Institute said the industry is near its goal of salvaging 40 percent of waste paper for recycling, three years ahead of schedule. But as industry recycles more, it becomes more expensive to separate useful paper from trash, the group said.

• Black special agents in the Los Angeles district of the Immigration and Naturalization Service have accused the agency of racial discrimination of "epidemic proportions." In a written complaint filed with the Justice Department, the agents charge that regional officials, especially those in the Los Angeles office, have systematically refused to promote blacks to supervisory positions. They also complain that white supervisors have harassed blacks.

• A federal court has awarded \$3.5 million to the family of a 22-year-old Fort Lauderdale, Florida, man who suffered severe brain damage in an adverse reaction to a routine childhood vaccination for diphtheria, whooping cough and tetanus.

• The 7.1-magnitude quake that struck California in April gave rise to small tsunamis as far away as Alaska and Hawaii, the only recorded tidal waves generated by a California quake in this century, scientists said Wednesday. Scientists said that the observations suggest that tidal waves could be a bigger hazard of offshore California quakes than had been previously thought.

• Baby walkers can be fatal and should be banned, the American Medical Association said. The wheeled devices, which allow babies to propel themselves with their feet before they can walk, were responsible for six deaths in the United States between 1989 and 1991, the association said. (AP, LAT, AP, WP, UPI)

Compiled by Our Staff From Dispatches

WASHINGTON — Congressional Democrats denounced a cover-up on Thursday a Bush administration decision not to appoint an independent prosecutor to investigate alleged wrongdoing in bank loans to Iraq.

It is now up to the Clinton administration to sort out the truth, the legislators said.

Attorney General William P. Barr, an opponent of the post-Watergate law authorizing independent prosecutors, declined to seek appointment of a prosecutor, agreeing with a recommendation of a special counsel whom he had hired to review the case.

The counsel, Frederick B. Lacey, a retired federal judge, concluded on Wednesday that the evidence in the case of \$5.5 billion in loans to Iraq through the Atlanta branch of an Italian bank, Banca Nazionale del Lavoro, did not call for an independent prosecutor.

In response, the chairman of the House Judiciary Committee, Jack Brooks, Democrat of Texas, accused the Bush administration of a "stonewalling refusal" to permit an independent inquiry.

The chairman of the Senate Judiciary Committee, Joseph R. Biden Jr., Democrat of Delaware, said, "I am deeply concerned." He added that the appointment of an independent prosecutor was necessary to reassure the American public of the integrity of the agencies responsible for their security and for enforcement of our laws.

And the chairman of the House Banking Committee, Henry B. Gonzalez, Democrat of Texas, called the decision part of an ongoing cover-up and vowed to continue his committee's investigation.

But Mr. Barr asserted that the Justice Department had acted properly in every aspect of the politically contentious case, and said



The singers Judy Collins and Earl Taylor performing "Amazing Grace" at a dinner put on by the Democratic Leadership Council in Washington as Vice President-elect Al Gore and his wife, Tipper, and President-elect Bill Clinton and his wife, Hillary, joined in.

he fully agreed with Judge Lacey's findings.

At a news conference on Wednesday, Judge Lacey, who is also a former prosecutor, dismissed as "nonsense" accusations that U.S. prosecutors had stifled a full investigation of the loans.

"Had there been any corruption here, I would have smelled it and found it," he said.

Mr. Barr's decision was the Bush administration's last attempt to bring the bank scandal to a close,

although there are other investigations under way that will keep the issue alive long after President George Bush leaves office.

Judge Lacey said that he would resign but that several minor matters under investigation would continue to be pursued by the Justice Department.

At the news conference at which he announced his decision, Judge Lacey, a Republican, bristled at reporters who probed his impartiality and thoroughness. He

blamed news organizations for reporting as fact what he called the "unbridled attacks of a legislator."

He did not name the lawmaker, but he clearly had in mind Mr. Gonzalez, who has led congressional inquiries into the bank case.

"Many decent people have had their careers tarnished and their reputations stained by being charged with corrupt, being part of a cover-up," said the judge. "These charges were baseless. And you have been taken in by them."

While Judge Lacey asserted that there was no evidence of any criminal wrongdoing, he did not rule out the possibility that someone may have tried to slow down the prosecution, hinting that the Agriculture Department may have tried to interfere in the case to enable the Bush administration to extend \$1 billion in credits for farm products to Iraq in the fall of 1989.

He also faulted both the Justice Department and the CIA for handling classified documents related

Economic Talks To Get TV Time, Host Is Clinton

New York Times Service

LITTLE ROCK, Arkansas — President-elect Bill Clinton will serve next week as the moderator of 12 hours of nationally televised talks here on the economy that will be attended by about 300 corporate executives, small-businessmen and economists.

What was originally conceived as a two-day gathering of 25 to 30 people to help form economic policy has ballooned into a full-blown spectacle to be telecast live on C-SPAN, with large chunks also being broadcast by the CNN cable news station and the three major TV networks.

Clinton aides said that the conference, on Monday and Tuesday, will cover such subjects as trade, training and how to deal with the federal debt and deficit.

The thrust of the discussions will be remarks by Mr. Clinton and other participants detailing how they think the economy got to its present state and how best to get out of it.

Participants will include John H. Bryan, chairman of Sara Lee Corp.; Michael Walsh, chairman of Tenneco Inc.; Sheryl L. Handler, founder of the Thinking Machines Corp.; Gordon E. Moore, chairman of Intel Corp.; John Sculley, chairman of Apple Computer Inc.; Paul A. Allaire, chairman of the Xerox Corp.; and Cathleen Piper, owner of the Piper Flower Shop in Yankton, South Dakota. "I'm a little intimidated," she said.



Packwood Apologizes For 'Wrong'

The Associated Press

WASHINGTON — Senator Bob Packwood said Thursday that he was wrong to pressure female employees with unwelcome sexual advances, but that he would try to earn back the voters' respect rather than resign.

"What I did was not just stupid or boorish," Mr. Packwood, an Oregon Democrat, said at a news conference. "My actions were just plain wrong."

"I just didn't get it. I do now," he said, adding that he would seek professional counseling if necessary.

Mr. Packwood called the news conference, his first public appearance in the two weeks since former female employees and associates accused him of making unwelcome advances during his 24-year career.

Oregon Democrats and women's groups have called for Mr. Packwood's resignation.

He said that he would cooperate fully with the Senate ethics committee, which has begun a preliminary inquiry into the allegations. But he added that he planned to remain in the Senate.

"I am here to take full responsibility for my conduct," he said. "I will not debate the recent accounts of my actions toward my staff and those who worked with my office. The important point is that my actions were unwelcome and insensitive. These women were offended, and I am truly sorry."

Mr. Packwood said he had been a leading advocate of women's rights and had been instrumental in moving women into congressional positions of authority.

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THE INTERNATIONAL NEWSMAGAZINE

MISSION IN SOMALIA: Gunmen fleeing U.S. force in Mogadishu spread terror west of the capital

Where Famine Hurt The Most, Hope Is To Eliminate Guns

By Jane Perlez
New York Times Service
BAIDOA, Somalia — As this epicenter of the Somali famine awaits U.S. troops to move in from the capital, the focus of hope has moved from the provision of food to the removal of guns.

Armed gunmen flushed from Mogadishu by the arrival of the Americans have terrorized this town 260 kilometers (160 miles) west of the capital, speeding through the streets in their vehicles and looting food. Local people, more afraid than usual, said food was of secondary importance. They wanted the guns confiscated.

"I'm very nervous," said Adan Ahmed Isak, a field officer for the Somali Red Crescent Society. "The Americans made a big mistake by coming only to Mogadishu instead of coming to the whole country. At what time will they come here? They are so late. If they don't come soon, we will be in big trouble."

After solidifying their position in Mogadishu, which will become the command and supply center for the aid mission, U.S. troops are likely to arrive here in the next few days. They will find a town where most people look remarkably better than the barely moving skeletons of six months ago, but also a place that has plenty of despair.

Tens of thousands of people have died since the famine hit here earlier this year. So many children have perished that youngsters under 5 are rare in Baidoa. About 30,000 people are still dependent on food handouts even though the surrounding countryside is now green after heavy rains and in some places is sprouting maize.

probably to enjoy their afternoon chewing of khat, the leaf narcotic that is common in Somalia, before returning to town for an evening of shooting.

In a 24-hour period this week, 64 Somalis died in gun battles in Baidoa, according to aid workers. Mr. Isak said he heard shooting in town Wednesday night as gunmen appeared to be on a last rampage before the U.S. troops came. The danger has become so intense that almost all foreign aid workers have left Baidoa. "They are afraid of this moment before the American troops come," said Mr. Isak.

Even the Red Cross, always reluctant to evacuate its staff, flew four of its personnel staff of Baidoa on Dec. 4, leaving only three behind. On Thursday, the four-wheel-drive cars of Western aid organizations were full of Somali staff, but no foreign aid workers could be seen. The aid agency compounds appeared empty, and a few kilometers out of town a feeding center with the sign World Vision, the U.S. aid agency, looked deserted.

Word had started to spread around the marketplace — filled with barrows of fruit and sacks of stolen international aid grain — that the Americans were coming. "We don't mind if they come," said Abdullah Ali, a hotel worker, his lips tinged green from chewing khat. "They should come and make peace and take away the guns," he said. "I will give my gun to them and hope to get some money. I hope to get \$100 and make some business from it."

It seemed unlikely that Mr. Ali would get money. Farther down the road toward Mogadishu, U.S. troops had already collected guns at the airstrip of Baidoogli, 100 kilometers west of the capital. On their first move out of Mogadishu since arriving, the Americans secured Baidoogli's airstrip, and in so doing confiscated weapons from local fighters camped there.

"They told us that if we took our guns to the airport in the morning they would welcome us," said a boy at a tea shop at a town adjacent to the airstrip. "If we don't bring them, they said they would use helicopters to hunt down the technicals and the weapons. The community has promised to take the weapons to the Americans tomorrow morning."

Japan Weighs Role in Somalia

Agence France-Press
TOKYO — Japan will consider a role in UN peacekeeping efforts in Somalia once the situation there stabilizes, the government spokesman, Koichi Kato, said Thursday. It was the first time the Japanese government had shown a willingness to directly take part in UN activities in Somalia, although Mr. Kato did not mention the possibility of sending Japanese troops.



A French Foreign Legionnaire after confiscating a weapon from a Mogadishu driver on Thursday.

Marines Find Surrealistic City Not in Any War-Games Script

By Barton Gellman
Washington Post Service

MOGADISHU, Somalia — Maybe 15 feet from four freshly dug graves, the ruins of a courtyard held an extinguished cooking fire. Two donkey skulls gaped from the ashes, amid fragments of charred skin and fur.

The three Marines of Tango 10, a lightly armored vehicle, stepped gingerly over the carnage, then still more gingerly up bombed-out cinder-block stairs.

At the top of a three-story building that war had destroyed before anyone could finish constructing it, they found a panoramic view of no-man's-land.

Tango 10 had been assigned to help push the U.S. security perimeter north and west to the high ground over Mogadishu's airport.

But getting there, and deciding what to do with it once they had it, threw two 21-year-old corporals and a 19-year-old private first class into a world for which experience had not prepared them.

Not that the Marine Corps hadn't done its best. There is a war-games set that looks a bit like this at Camp Pendleton, California. The Marines there call it Combat Town, and they practice assaulting it in training for urban warfare.

But Tango 10 was a long way from Pendleton. With other Marines assigned to the rooftop, Tango 10 controlled an intersection of two dirt roads adjacent to the building.

Lance Corporal Harry Marshall, 21, tried to train his hand-held missile down the main avenue of approach, but he said he felt faintly ridiculous about it. If there was any threat to his position, it wasn't the kind that needs a missile capable of melting a tank.

Crowds of children arrived immediately and stayed. Spotting a Winnie the Pooh T-shirt on a 5-year-old, Corporal Jeffrey Mann called, "Winnie!" and was rewarded with a shy smile.

More aggressive children pressed forward, reaching and touching and asking for food and gifts.

pointing to the Marine's grenade launcher and accurately miming its use and sound effects.

A tiny girl, perhaps 4, sucked an empty plastic spoon for nearly an hour.

Prickly, pear, assorted bones, bits of plastic and rusted cans baked brittle as chalk by the equatorial sun were scattered as far as the eye could see.

As morning wore on to afternoon, older boys and young men began strolling by, conspicuously sizing up the Marines. Few of them smiled.

But none carried weapons, which would have forced a confrontation.

Despite official protestations that they have no general disarmament mission, the Marines are forcibly taking weapons from all who carry them in a sector controlled by U.S. troops.

The troops are authorized in their rules of engagement to use any means necessary to seize weapons, including preemptive fire if a Somali gunman disengages his weapon's safety catch or starts to point it in their direction.

In dozens of checkpoint incidents, gun bearers have been confronted with superior force, forced to the ground, searched, disarmed, sometimes bound with plastic "flexi-cuffs" and then cut loose and released.

The rules of engagement, which U.S. military spokesmen decline to discuss officially, treat Somalis bearing weapons such as mortars and heavy machine guns even more harshly. U.S. troops are explicitly authorized — though not instructed — to open fire preemptively on such weapons even if they are not turned against Marines.

Nothing violent happened to the Marines of Tango 10, but intimations of violence sometimes flared. Swaggering young men would stare at the Marines, using derisive tones to speak words the Americans did not understand.

Private First Class Brian Urbanawiz, 19, seeking a frame of reference for this unfamiliar scene, decided it was "like right before a football game, when you try to psych each other out, talk trash and turn your noses up. That's the way they walk by. Sort of makes you wonder."

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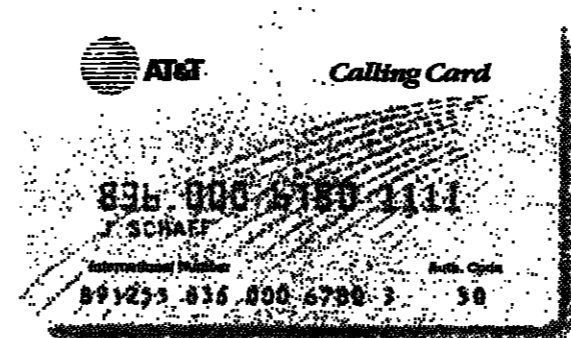
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INTERNATIONAL Herald Tribune

Serious Job, Good Start

More Than a Show

It is too easy to make a joke or draw too sweeping a conclusion about the antic aspect of what happened when the U.S. Navy Seals and Marines went ashore in Mogadishu Tuesday night...

Forcing and Talking

Operation Restore Hope began prophetically on Tuesday for the starving people of Somalia, if less so for the reporters and photographers who met the U.S. forces...

Royals in Splitsville

On July 29, 1981, millions of Americans rose at dawn to watch a young woman marry a prince who looked like a prince...

Other Comment

The End of a Fairy Tale

The overwhelming reaction of the British public to the separation of the prince and princess of Wales will be one of sadness and sympathy. The people cherished the fairy tale of this royal romance.

The Intifada Continues

The fifth anniversary of the intifada signifies another round of painful and bloody struggle for the 1.8 million Palestinians of the occupied West Bank and Gaza.

Edinburgh Needn't Be Too Polite

By Brian Beedham

LONDON — It is a rough four-letter word, and the gentlemen who meet in Edinburgh this Friday will not want to let it pass their lips. They will not, if they can help it, mention the word "GATT."

Tell us, summiteers, about Europe and the GATT deal on farm products.

On the subject in his own Parliament he has told him that no truly enforceable formula can be devised. The central question is not even whether it is possible to construct wording that enables Denmark's government to take the Maastricht treaty back to Denmark's people...

New: Experiment in Philanthropic Force

By Flora Lewis

PARIS — The marines have landed in Mogadishu and the U.S.-led international operation to save Somalis from starvation and from themselves has started well. The rambunctious, feuding gangsters disrupting and preying on relief efforts have pulled back for now.

which have failed so dramatically that the survival of whole peoples is menaced. The United Nations simply is not equipped to replace governments. It would take a huge, long-term effort to begin to put adequate administration in place...



New Era, New Foreign Policy, New Practitioners

By Roger Morris

This is the second of two articles.

SANTA FE, New Mexico — Bill Clinton's policy should be to negotiate, as necessary, America's international economic future, reversing George Bush's readiness to allow supranational trade agreements to erode American labor and environmental standards.

in the new U.S. policy than Japan, a mutually sensitive and systematic reduction of the \$100 billion U.S. trade deficit would be the primary goal and crucible of U.S.-Japanese relations.

For such innovation, Clinton will find neither skill nor commitment among the Cold War veterans who are jockeying for jobs. He must reach for a fresh generation of thinkers and doers.

workers, fought with high-tech sweatshops and symbolized by gruesomely polluted border towns. Soon Mr. Clinton should meet with major trading partners, including Japan, the Pacific Rim, Europe and Latin America, to announce a straightforward new policy: America will settle for neither belligerent blocs nor politely masked inequity but rather will seek an equitable, politically sustainable world commerce of shared sacrifice, responsibility and opportunity for capital and labor.

ideals and self-interest in international development. Just as he visited a struggling neighborhood in Washington, showing that he would be a concerned citizen of the capital, he should be the first American chief executive in a generation to demonstrate an authentic sensibility toward the struggling nations.

We Can Surprise 'Em With No Surprises

By Leslie H. Gelb

NEW YORK — The scene is Governor's Mansion in Little Rock. The time, 2:30 A.M. President-elect Bill Clinton sits alone, munching his second pizza of the evening. He is in deep thought about his national security team.

career diplomat, but I don't know him. Chris and I have also been talking about a woman for a top State job. I like Madeleine Albright of Jimmy Carter's NSC staff, now running a Washington institute. I also want to make sure we find good positions for Toby Galt, a Russian expert at the UN Association, and James Nolan at the Brookings Institution.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Princely Wisdom

LONDON — When Prince George of Wales had charge of the Thrush, on the West Indian Station, he had temporarily in custody a young bluejacket who had a very bad record. The Prince formed the opinion that there were seeds of good in the fellow and resolved to give him a fresh start.

1917: Jerusalem Taken

LONDON — Jerusalem has been captured by General Allenby's

olution, with assisted negotiation and mediation of the kind so successful under private auspices, with the World Bank, among Nicaraguan factions and in Middle East water issues.

Preventing conflicts rather than reacting to crisis, creating forums for dialogue and joint problem-solving, acknowledging the legitimacy of all interests, understanding historical and psychological dynamics at work, building long-term relationships of collaboration — these new technicalities would apply to many international flash points.

1942: Turin Is Bombed

LONDON — [From our New York Edition:] A force of 200 to 300 big British bombers dropped explosives ranging up to four-ton blockbusters on still-smoking Turin last night [Dec. 9] in the second successive blow, and the sixth within a month, at the northern Italian arsenal city. The Italians admitted today that many buildings were damaged and intensive fires caused. They said the casualties had not yet been ascertained, but that in the previous night's attack on Turin the toll was 75 killed and 2 injured.

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I H T S U R E



RICHARD YEEND

Holiday Gifts: Think Small

International Herald Tribune
It's that time of year again, only two weeks all Christmas, and not much in the mood to put anybody in an expensive holiday mood. Here are some last-minute shopping ideas, some serious, some not so, from around the world and with a budget-conscious outlook.

FLORENCE — With houses and expensive automobiles out of the question, Italians are still content to receive something cute on which to hang their keys. The Soluzioni company — with seven locations across Italy — offers a range of original key chains: one that hangs from a metallic-painted aluminum ball; one in the form of a cigarette lighter with a bulb that lights up for show, and a third, more practical, with a halogen flashlight for those late nights when finding a keyhole becomes a major problem. The key chains range in price from 15,000 to 30,000 lire (\$11 to \$22). In the same price range, Soluzioni also sells a very quaint goose soap dish and colorful bouquets of plastic inflatable tulips. For those who still

ars. For an extra 600 pesetas, you can go upstairs and see the real masterpieces hanging on the wall. The museum opened in October and this is its first calendar. For a tasty accompaniment, add a box of *turrón*, the Spanish almond-and-honey holiday sweet. The basic types are soft Jijona and crunchy Alicante. From 300 pesetas. Or, gourmet *turrón* from Casa Mira (Carrera San Jerónimo, 30). (Al Goodman)

DUSSELDORF — Check out the butcher, the baker, the candlestick maker for local specialties. The butcher for local specialties, traditionally sold in stoneware crocks that, when empty, are perfect for paper clips or posies or the Maldon salt someone will hopefully send from England. The baker for *Stollen* (a Christmas cake) or marzipan, first concocted in 1407 during a famine in Lübeck; reputed to bring luck in the new year, marzipan pigs are prominent — from thumb-size to life-size, by the slice. The candlestick maker for handmade beeswax candles, a

featuring endangered species printed in natural dyes for \$24, not to mention a special Waterford crystal paperweight imbedded with the American flag, selling briskly at \$75 per thump. (Lawrence Malkin)

LONDON — There is nothing new about being *nouveau pauvre* but being beatified British shoppers. But this is a season to be virtuous about saving money rather than indulging in a gift trip in fancy stores. London's markets — Kensington, Portobello Road and especially Camden Lock — fulfill dreams of Christmas past and Christmas presents. For less than \$20 there are elaborate Victorian Christmas cards (all innocent angels and family values); cottage-garden plates (it's chic to buy them not to match); glass pastie jewels (check out the clasp); bric-a-brac boxes (fill them with candy or soaps). Camden's sprawling craft stalls (best on weekends) provide hippie delights from high-tops painted with psychedelic swirls to the inevitable T-shirts carrying peace and love messages. Teenagers who didn't tune in last time around will welcome a rerun of the 1970s: leather bangles (you can get the name inserted as studs), love beads, hairy ethnic sweaters, Afghan boleros, Mexican ponchos and the black leather vests of fashion's global costume party. (Suzy Menkes)

PARIS — My personal recession-proof food lover's grab bag from Paris would include fragrant and delicate sachets of herbal thyme tea, or infusion de *thym de Provence* from Fauchon (26 Place de la Madeleine, Paris 8); a jar of Tarrade's pear jam, or confiture de poires passées (from Le Furet, 63 Rue de Chabrol, Paris 10) for spreading on toast or stirring into real Greek sheep's milk yogurt, found at my favorite cheese shop, Allouesse (13 Rue Poncelet, Paris 17), and a Christmas week's supply of Bernachon palets d'or or chocolate from Denise Acabo's A l'Etoile d'Or, a fantasyland chocolate shop (30 Rue Fontaine, Paris 9). (Patricia Wells)

TOKYO — The recession is thinning the year-end crowds at Tokyo's better restaurants, but more Japanese are treating their pets to gourmet meals and enjoying the experience vicariously. Ironically, while many pet owners crave a refined Japanese meal, cats don't like soy sauce, so product appearance and reality are diverging Japanese-style. Mon Petit Wafu (Japanese-style), for example, a new product marketed by Friskies that costs 120 yen (about \$1) per 84-gram (6-ounce) can, holds the soy sauce but uses elaborate cutting techniques to give beef, white fish and turkey the elegant look of Japanese cuisine. (Steven Brill)



THE MOVIE GUIDE

The Distinguished Gentleman
Directed by Jonathan Lynn.
U.S.
Like Mr. Smith and Billy Jack before him, "The Distinguished Gentleman" comes to Washington — only this time to share in looting the public pork barrel. But with Disney chairing the committee, this would-be political satire turns into a sappy farce that shamelessly pits influence peddlers against a con man who

develops values when elected to Congress — thanks to a little constituent who has a brain tumor. A restrained Eddie Murphy takes the role of Thomas Jefferson Johnson, a happy-go-lucky hustler who finagles his way into office with help from a rambunctious coalition of hopelessly clichéd racial and ethnic stereotypes. The movie is too coarsely drawn and broadly directed to skewer what ought to have been an easy target. Politicians are corrupt. Stop the presses. (Rita Kempley, WP)



"The Distinguished Gentleman" with Eddie Murphy.

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Damage (Fatale)
Directed by Louis Malle.
England-France.
Stephen Fleming (Jeremy Irons) is the picture of success and bland ennui. A conservative member of Parliament, married to the patrician Ingrid (Miranda Richardson), nothing has prepared him for the apocalyptic shock of his son's girlfriend Anna (Juliette Binoche). Josephine Hart's Oedipus-in-reverse thriller reads like a movie script and Malle has collected major talents to plot and play this dark erotica. But curiously, the scandalous story — adultery with incestuous and homosexual overtones — comes out flat on the screen. The adaptation misses the cruelty of the original, and each heated coupling is an athletic feat. Although Binoche is eloquent in her nearly mute role of repressed vampire and Irons is as beautifully tortured as ever, it looks like a movie made by people with tired blood. A touch of perversion would have enlivened those black-costumed rendezvous and elegant croquet parties. (Joan Dupont, IHT)

La Marrana
Directed by José Luis Cuerva.
Spain.
There must be a curse on this year's Columbus films. The two blockbusters about the intrepid admiral — by Ilya and Alexander Salkind and Ridley Scott — had troubles. Writer-director Cuerva also has problems. Big ones. Two con artists — a sailor and a soldier — make their way toward Palos de la Frontera in the summer of 1492, hoping to join in Columbus's great voyage. They travel with a prize *marrana* — a sow, which the hungry man wants to eat and the shrewd one wants to use to start a pig farm. The veteran comic actor Alfredo Landa

holds attention as the seaman with his vast array of facial nuances and controlled delivery. But the script follows the low road to humor — the soldier trying to answer nature's call in the woods, the sow having a romantic romp with another pig. Even the philosophy, on such subjects as perseverance in the face of adversity, turn out to be as light as popcorn. The film sinks slowly like a leaky ship but without the thrill of a big storm. (Al Goodman, IHT)

Love Potion No. 9
Directed by Dale Launer.
U.S.
Dale Launer, the man who wrote the hilarious "Ruthless People," "Dirty Rotten Scoundrels" and "My Cousin Vinny," makes his debut as writer-director in the kind of comedy you can outrun at a walk. Virtually everything that happens can be predicted from the opening frame. Paul (Tate Donovan), a sly bachelorette, and Diane (Sandra Bullock), an animal psychologist who is also sly, find themselves in possession of a love potion that works on chimpanzees. They agree to test it out on themselves, though not together. Launer's writing credits indicate that he's a very funny man, but "Love Potion No. 9" suggests that he needs a collaborator to tell him when the jokes don't work. (Vincent Canby, NYT)

Parody? New Records by Old Stars

By Mike Zwerin
International Herald Tribune

PARIS — Most rock stars fall into self-parody, eventually. It took Procol Harum about one tune. Recent Stevie Wonder is a pale travesty of a unique voice. The Rolling Stones turned into Mick Jagger's traveling circus. Bruce Springsteen puts on his own enthusiasm. The boozey hatter that was once his sympathetic edge has come to embody Tom Waits. Late Who sounded like four deaf hippies. Changing styles, taking chances, alienating fans, Miles Davis avoided it until his final few years.

The Beatles made a fortunate terminal career move before self-parody set in. Others have had post-mortem parody thrust upon them. In classical music, Béla Bartók is distorted by mediocre disciples' movie scores. In jazz, it became difficult to filter Charlie Parker through Woody Woodpeckerish workshops. Sublime, short-lived Cream is credited with spawning the grotesque power-trio car-busting caricature called heavy metal.

Three recent recordings involve more complex scenarios.

● **LEONARD COHEN**, "The Future" (Columbia): Another level here, parody as art. Whoever is doing this Leonard Cohen number improves on the original. Tempus redifine Dirge, reinforced by an end-of-the-world vocal texture about a fourth lower than "Suzanne." He is backed by a funeral organ, a melancholic female choir and a wistful guitar. But these stanzas do not require the bonus of song. A reading would be sufficient. Extracts from what may be the best poetry set to pop music since the last Leonard Cohen record: "It's coming through a hole in the air From those nights in Tiananmen Square" "It's coming from the feel That it ain't exactly real Or it's real but it ain't exactly there From the war against disorder



Leonard Cohen: A poet.

From the sirens night and day
From the fires of the homeless
From the ashes of the gay
Democracy is coming to the USA.
"I loved you for your beauty
But that doesn't make a fool of me
You were in it for your beauty too
"Give me back my broken night
My mirrored room, my secret life
It's lonely now, there's no one left to nurture
Give me absolute control
Over every living soul
And be beside me, baby
That's an order
Give me back the Berlin Wall
Give me Stalin and St. Paul
I've seen the future, brother
It is murder.
"Ring the bells that still can ring
Forget your perfect offering
There is a crack in everything
That's how the light gets in."
Each song was written over a period of two or three years in more than one place, including Los Angeles, Montreal, Hydra and Paris. Carefully chosen words let light in your life.
● **NEIL YOUNG**, "Harvest Moon" (Reprise): A special case. In my humble and no doubt demented opinion, there never has been a Neil Young, just Spinal Tap doing a Neil Young impression. Since he didn't exist, the immortal hippie of yuppie dreams had to be invented. And so journalists have come to say he continually reinvents himself, "one of the longest running shows in rock 'n' roll," as one put it.
The hack, freaky, countertenor persona has often been described as "childlike" missing the point. He's childish — peace and love, baby, like far out. Dig! Wow! — on the lam from Woodstock stunk ruminating such flower-power ditties as:
"She used to work in a diner
Never saw a woman look finer."
"Open up your heart
Let the lovin' start."
"Our love will live
Until the end of time,"
and
"I'm a dreamin' man
Yes, that's my problem
I can't tell when I'm not being real."
(sic!)

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FEAR THIS

Those sensitive artists: Roseanne Arnold, that outspoken heroine of just plain average people, was unhappy over newspaper criticism of her husband Tom's new show. United Press International tells us she sent off faxes full of profanities to USA Today, the Los Angeles Times and the Los Angeles Daily News. As it turns out, however, Tom Arnold's "The Jackie Thomas Show" was second in the ratings last week, just behind Roseanne's own show, which is No. 1. The press is always wrong, right?

Cruising the Waterways of Russia

By Vivienne Menkes-Ivry

MOSCOW — Cruising from Moscow to St. Petersburg, with ship-based visits to both cities, sounded like a good way of glimpsing something of the real Russia beyond the tourist high spots — and avoiding the faded rigors of Russian hotels.

By the seventh lock we were on the Volga and the forests had given way to open country, with clusters of farms and, surrounded by flowery meadows, an onion-domed church in the process of being restored.

A place of peace, the only note of violence sounded by the Last Judgment scenes among the fine collection of icons in the refectory-turned-museum.

The cabins turned out to be narrow and well short of luxurious. But dinner was reassuring: Western cuisine served in generous portions by smiling Russian staff and prepared under Swiss or Austrian management.

We returned to the ship to fill our cabins with lilacs and on deck to feast on radishes and vodka, with our binoculars trained on clearings in the dark forests.

Next stop was Petrozavodsk, a dour town founded by Peter the Great as a cannon foundry. I slipped away to see what the shops in this provincial center could offer.

Friends, Boors and Bores in the Air

By Roger Collis

SLIP me into an airplane seat next to an interesting looking neighbor with a gin and tonic and a backup copy of "War and Peace" and I'll abandon myself to serendipity.

seamate or adopt a custodial stance as circumstances demand. "Shall we share a central table?" Or perhaps a more risqué "Your armrest or mine?"

bought for his wife to the lady in the window seat he had been trying to impress — this is a true story — which she graciously accepted.

The Frequent Traveler

has not yet accepted that the most interesting person on the plane is sure to be sitting two rows in front of me. Human contact — however inhuman it can sometimes be — is probably the last adventure left in air travel.

Concorde is the ultimate upgrade — probably the best way to meet the high and the mighty. "The 9:30 A.M. Concorde from New York to London is the most valuable flight in the world," says an investment banker.

Meanwhile, I think airlines should consider offering people more latitude (not to mention longitude) in choosing in-flight companions. One idea might be to use the reservation computer for a spot of computer dating.

THE ARTS GUIDE

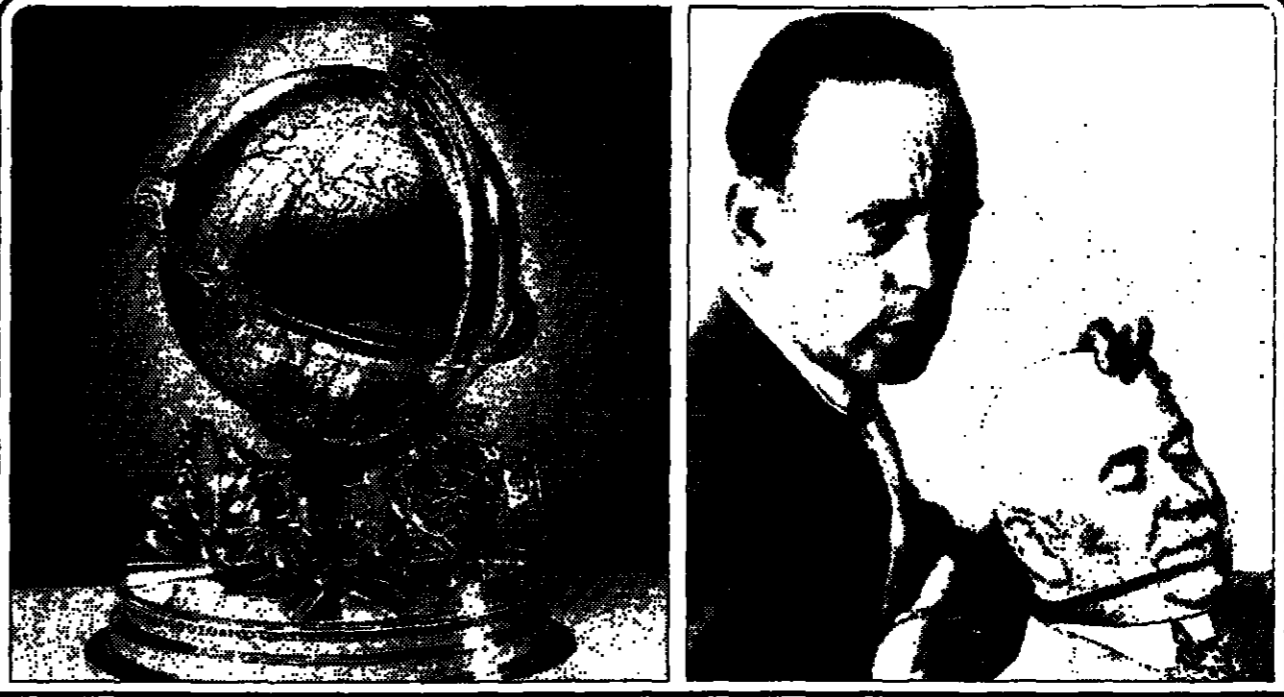


Table clock from "The Power of Maps" in Washington and a Hearfield photomontage, Dublin.

AUSTRALIA

Sydney Powerhouse Museum (tel: 217.0111). To Jan. 31: "Strictly Success: Strictly Ballroom." A survey of the costumes, characters and creativity behind the musical "Strictly Ballroom," and the world of ballroom dance.

CANADA

Montreal Musée d'Art Contemporain (tel: 873.28.78). To Jan. 17: "Michele Wasquani." A presentation of the latest video installation, "La délicate des glaces," by the Quebec artist.

INDONESIA

Jakarta World Trade Center (tel: 521.1125). To Feb. 28: "Raksasa." Indonesian sculptures spanning over a period of 10 centuries, including classical and tribal works from Java, Timor and North Sumatra.

IRELAND

Dublin The Irish Museum of Modern Art (tel: 718.656). To Jan. 10: "John Hearfield." Photomontages, which critique the rise of Hitler and right-wing ideologies in Germany and elsewhere.

NETHERLANDS

Amsterdam Rijksmuseum Stadhouderskade (tel: 873.2121). To Feb. 14: "Fans and Fan Leaves." Fans that serve practical and not so practical purposes.

BRITAIN

London British Museum (tel: 323.8525). To Feb. 14: "The Wealth of the Indies: New Sources of Coinage in Renaissance Europe." Examines the impact of the new world on European coinage and the use of money.

GERMANY

Berlin Neue Nationalgalerie (tel: 71.111). To Feb. 28: "Picasso: Die Zeit Nach Guernica." More than 100 paintings and drawings from the Spanish artist's series "The Time After Guernica."

JAPAN

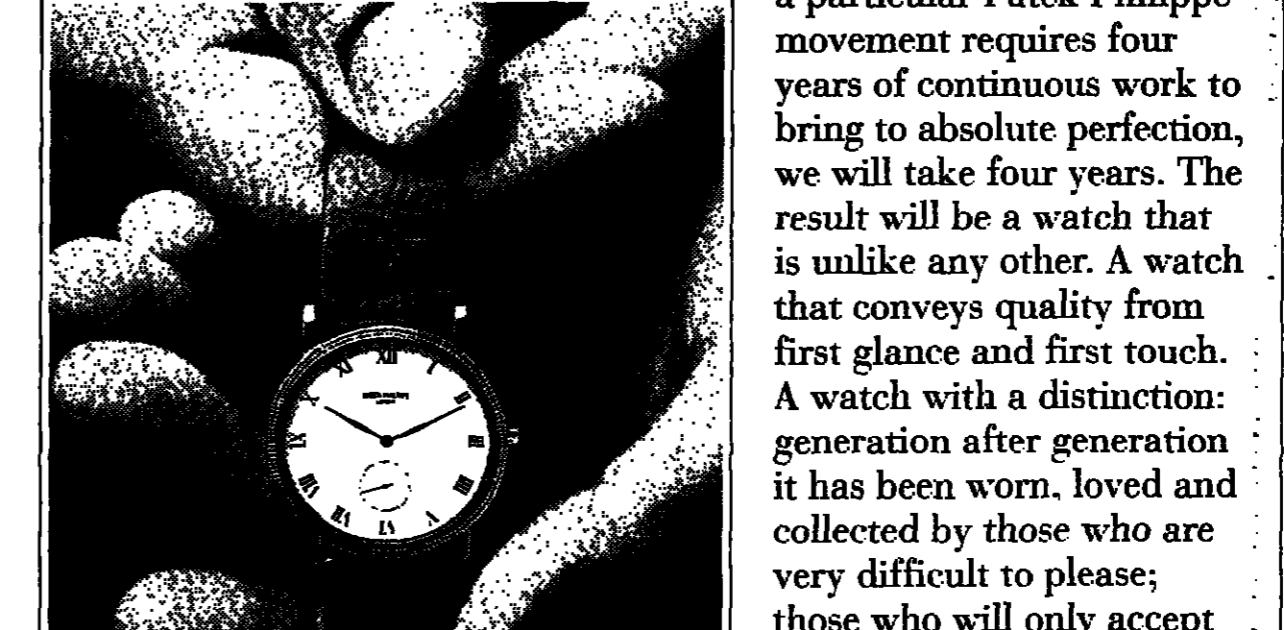
Kyoto Prinzi (tel: 075.712.3900). To Jan. 24: "Javier Vallbona." More than 30 monochromes by the Spanish fashion photographer.

UNITED STATES

New York Cooper-Hewitt Museum (tel: 860.8568). To March 7: "The Power of Maps." More than 400 historic and contemporary maps dating from 1500 B.C. to the present.

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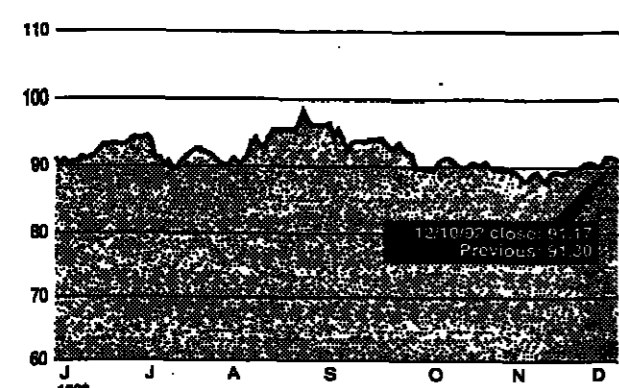
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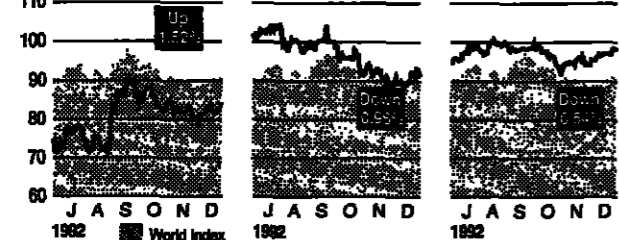
International Herald Tribune World Stock Index, composed of 230 Internationally Investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Approx. weighting: 25% Asia/Pacific, 40% Europe, 35% N. America

Closes: 84.26 Prev.: 83.00 Close: 91.36 Prev.: 92.25 Close: 97.86 Prev.: 98.41



Industrial Sectors

Sector	11/29	12/02	% change
Energy	92.32	91.96	+0.39
Utilities	85.52	85.25	+0.27
Finance	83.05	82.03	+1.04
Services	90.27	89.92	-0.05
Capital Goods	92.04	92.35	-0.34
Raw Materials	92.20	92.91	-0.76
Consumer Goods	94.34	95.29	-1.00
Miscellaneous	92.34	93.09	-0.81

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Norway Allows Krone to Float

By Carl Gewirtz, International Herald Tribune

PARIS — Giving up a long fight to defend its currency, Norway floated the krone on Thursday.

The move failed to ignite the kind of turmoil in the European Monetary System that was caused by the recent devaluations in Finland and Sweden. But currency analysts, dismayed at the outcome of the last meeting of the year by the Bundesbank's policy-making council, insisted that it was only a matter of time until the European currency unit in a day of hectic trading on European currency markets.

The German central bank indicated it was not near a reduction in its relatively high interest rates, which are keeping the Deutsche mark strong against other currencies.

The Norwegian move was essentially a devaluation, and the krone lost 5.5 percent of its value against the European currency unit in a day of hectic trading on European currency markets.

Norway's decision came as leaders of the European Community prepared to gather for a two-day summit meeting at which they will try to salvage their plans for greater political and economic cooperation, including the eventual creation of a single European currency.

While the Nordic countries are not EC members, their unpegging of fixed exchange rates against the European currency unit have catalyzed worries about the sustainability of the EC's exchange-rate mechanism.

The Scandinavians pegged their currencies to the Ecu as a prelude to joining the EC's European Monetary System.

Since September, the British pound and the Italian lira have been withdrawn from the EMS, and the Spanish peseta and Portuguese escudo have been devalued.

Within the ERM, the Irish punt, widely regarded as the next most likely candidate for devaluation, and the Danish krone and the French franc, still considered as suspect currencies, all weakened against the Deutsche mark on Thursday.

The Krone Loses Its Battle



Source: Bloomberg

The European currency unit rose to 8.41 kroner on Thursday, from 7.97 on Wednesday.

The dollar rose to 6.9380 kroner, from 6.4500 Wednesday and 5.5104 in early September.

Currency traders described Thursday's market as nervous but without enormous pressure. Dealers said they were trading only commercial orders and added that banks were not trading for their own accounts. Speculative pressure is expected to resurface once the year-end closing of the books and establishing annual bonuses had been completed.

Adding further caution, traders said, is the Edinburgh summit meeting. Expectations about the meeting are so low, said Ian Amsted at Bankers Trust Co. in London, that "the risk is there will be a surprise on the upside" that could contribute to alleviating tensions within the ERM.

But the mood in the market is that a new currency crisis is waiting to happen. "I wouldn't rule out pressures spilling over to the ERM," said Laurence Kantor, London-based economist at J.P. Morgan & Co.

The sense of foreboding increased, dealers agreed, following Thursday's meeting of the Bundesbank's policy-making council, which left German interest rates unchanged. In addition, the strong rhetoric of the Bundesbank president, Helmut Schlesinger, about inflation concerns leaving no current room for a reduction in interest rates, convinced dealers that it was only a question of time until

See KRONE, Page 12

Bundesbank Lifts M-3 Target but Maintains Rates

By Brandon Mitchener, International Herald Tribune

FRANKFURT — The Bundesbank left interest rates unchanged Thursday at its board's last meeting of the year, disappointing other Europeans who have long hoped for rate relief.

But the German central bank adjusted its benchmark money-supply target upward for 1993 in what some analysts interpreted as a sign of growing flexibility.

The Dutch and Belgian central banks, confident of their strong currencies, went ahead and cut official interest rates even without German action. The Dutch lowered two of their three official rates by 0.25 of a percentage point, while the Belgians cut some overnight rates by 10 basis points.

Richard Reid, a senior economist at UBS/Phillips & Drew in Frankfurt, said German monetary policy for the time being was "on hold," adding, "and that is the message for the European exchange-rate mechanism as well."

At its last meeting of the year, representatives of German government and industry welcomed the Bundesbank's new target as a sign of recognition that the economy was faltering.

Mr. Schlesinger spoke of a likely stagnation in 1993, but declined to characterize the state of the economy as a recession.

Analysts said that Thursday's German monetary policy would remain restrictive until well into next year, as the Bundesbank waits for signs of fiscal and wage restraint from Bonn and from the country's powerful labor unions.

"The Bundesbank needs something on which to hang the next easing," said Julian Callow, an economist at Kleinwort Benson Securities in London. "They don't want to spend all their ammunition before they see some signs of moderation."

Mr. Schlesinger reiterated the Bundesbank's stance that the current exchange rate between the Deutsche mark and French franc was "appropriate," and Hans Tietmeyer, the Bundesbank vice president, said the European Monetary System was fundamentally "in order," though minor tinkering with some of its mechanisms was under consideration.

Regarding the decision to leave interest rates unchanged, Mr. Tietmeyer said: "The Bundesbank always has the good will to strive for stability within Germany and, as far as this is possible, for our neighbors as well." A stable mark also serves the interests of France, he said.

But Gerhard Grebe, an economist at Bank Julius Baer in Frankfurt, said the franc would stay in the danger zone as long as French interest rates were kept high.

U.S. Banks Set Profit Record In 3d Quarter

By Stuart Auerbach, Washington Post Service

WASHINGTON — Commercial banks reported record profits for the third consecutive quarter as interest-rate margins remained wide, the Federal Deposit Insurance Corp. announced Thursday.

Commercial banks insured by the FDIC reported profit of \$8.5 billion in the third period. The results were \$600 million above the previous record of \$7.9 billion set in the second quarter, and \$4.3 billion higher than a year earlier.

The \$24.1 billion in profit commercial banks recorded in the third quarter of this year is close to the all-time record of \$24.9 billion set in 1988. The FDIC surveyed the results from 11,590 commercial banks and 421 savings banks.

Savings banks insured by the FDIC reported an aggregate profit of \$354 million for the quarter, the third straight quarterly profit for this group of institutions after 11 straight quarters of losses. Savings-bank profits were \$137 million higher than in the second quarter.

"It's December and the election's over," said William Bradford, president of the American Bankers Association.

See BANKS, Page 13

Clinton Urged to Slow Free-Trade Talks

By Stuart Auerbach, Washington Post Service

WASHINGTON — Congressional Democrats and representatives of major U.S. industries are pressing President-elect Bill Clinton to seek a delay in global free-trade talks until he takes office, according to Democratic and industry sources.

Mr. Clinton's aides, who met Tuesday for the first time with current trade officials, have sent to the president-elect a series of option papers on the six-year, 108-nation Uruguay Round of global trade talks in preparation for his economic conference next week in Little Rock, Arkansas.

The drive for delay is led by Senator Max Baucus, Democrat of Montana, chairman of the Finance Committee's subcommittee on trade, and House Majority Leader Richard A. Gephardt, Democrat of Missouri. They are concerned the President George Bush will make too many concessions to wrap up a deal before he leaves office in January.

The lawmakers are backed by semiconductor makers, including Intel Corp., the world's largest, as well as the motion-picture industry and other businesses that fear a rush to conclusion will leave their interests out in the cold.

Trade Representative Carla A. Hills dismissed the complaints as the usual anxieties that accompany the conclusion of complex trade negotiations. "It's going to be more difficult later to get a good result," she said Wednesday. "Time is not on our side."

She said the chairman of the Senate Finance Committee, Lloyd Bentsen, Democrat of Texas, who Mr. Clinton named Thursday to be Treasury secretary, urged her on Tuesday to try to conclude the trade talks as fast as she can.

Mr. Bentsen declined to comment on what advice he is giving Mr. Clinton on the trade issue. He reportedly told European leaders during a visit to Brussels late last month that Congress was unlikely to extend negotiating authority for the free-trade talks past its expiration date in March.

Kawasaki Agrees to Pay IRS

Washington Post Service

TOKYO — In a case that is likely to add to the controversy over whether foreign companies operating in the United States should pay more tax, Kawasaki Heavy Industries Ltd. said Thursday that it had agreed to pay a large sum to the Internal Revenue Service because it allegedly underreported the U.S. profits on its motorcycle sales.

Kawasaki refused to specify the amount it was paying, but at least two Japanese press reports put the figure at about \$9.6 million. The development comes at a time of debate over whether foreign companies are cheating on their U.S. taxes. During his campaign, President-elect Bill Clinton vowed to raise \$45 billion in tax revenue by forcing foreign concerns to pay more.

That estimate drew scoffs for a grossly inflated estimate of what could be raised. But the IRS does contend that some foreign-owned multinationals avoid U.S. taxes by using accounting shenanigans to shift profits outside the United States.

In Kawasaki's case, for example, the IRS reportedly alleged that Kawasaki's U.S. subsidiary, Kawasaki Motors Corp., paid artificially high prices for motorcycles imported from its parent company in Japan, from 1979 to around 1985.

Mr. Bentsen declined to comment on what advice he is giving Mr. Clinton on the trade issue. He reportedly told European leaders during a visit to Brussels late last month that Congress was unlikely to extend negotiating authority for the free-trade talks past its expiration date in March.

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Iacocca Considers Offer Of a Rescue Job at TWA

Compiled by Our Staff From Dispatches

NEW YORK — A decade after leading the third-largest U.S. automaker from the brink of failure, Lee A. Iacocca is considering helping turn around troubled Trans World Airlines, his spokesman said on Thursday.

The Chrysler Corp. chairman, who retires at the end of this month, has been talking with the airline's largest union about setting TWA on a course to profitability and then overseeing day-to-day operations of the business, Brian Freeman, financial adviser to the Machinists union, said Thursday.

Mr. Iacocca said that he was not interested in running a company full-time, said the Chrysler spokesman, Tom Houston.

Mr. Freeman said that would fit the arrangement that he and Mr. Iacocca had been discussing. Mr. Iacocca met Wednesday with leaders of the International Association of Machinists and Aerospace Workers in a continuing effort to see if he wants the job after TWA's owner, Carl C. Icahn, relinquishes control, said Chrysler officials and officials connected with the airline.

Mr. Freeman approached Mr. Iacocca in August about taking the top spot at TWA, which is trying to emerge from Chapter 11 bankruptcy protection. (AP, Reuters, NYT)

Japan Fears Friction

Trade friction between Japan and the United States may rise soon after Bill Clinton enters the White House, a senior Japanese trade negotiator said in Tokyo, Reuters reported.

Noboru Hatakeyama, vice minister for international affairs at the Ministry of International Trade and Industry, said he was worried that Mr. Clinton's trade team would not discourage possible trade legislation under the so-called Super-301 provisions.

WALL STREET WATCH

'Tis the Season Toymakers Turn the Movies Into Gold

By Kurt Eichenwald, New York Times Service

NEW YORK — It's white-knuckle season for America's toymakers. After months of planning and preparation, the Christmas shopping season is well under way, and there is little the toymakers can do now but sit back and hope their long-formulated strategies pay off.

One of the most popular strategies is also one of the most risk-free: Figure out which big-budget children's movie is likely to be a hit and then light to get the licensing agreement to make the toys based on the movie. That is why many toymakers are envious of the deal struck by Mattel Inc. with Walt Disney Co. to make dolls and action figures based on the hit movie "Aladdin."

But what about other companies who hoped to profit from "Aladdin" but have yet to get all their potential licenses? One such company, Just Toys Inc., went public in October after several years of rapidly growing sales, primarily in their Bend-Em line of bendable character figures based on Disney movies.

With this focus, Just Toys executives could be understandably worried that they have yet to receive an "Aladdin" license for their successful Bend-Em toys. It is not certain if they will.

For Just Toys, character licensing from successful movies and television programs was not only a good strategy, it was the single largest factor pushing the company's steep revenue climb since its founding in 1989. In the 1991 financial year, toys based on Disney movies made up more than 41 percent of company sales, as well as almost 55 percent of the sales for the first half of this year. The majority of those sales are in its Bend-Em toy line.

Just Toys is a company that tapped into the right idea at the right time. The company first hit pay dirt by getting a license for "The Little Mermaid," the 1989 release that was Disney's biggest animated hit in years. Disney did even better with "Beauty and the Beast," and Just Toys' sales jumped with the help of the toys based on that movie. Sales at Just Toys climbed from just over \$3 million in 1990 to \$13.7 million last year.

Building the company largely on Disney movies gives investors the comfort of knowing that many of the company's products were

See TOYS, Page 13

Producer Prices Fall As Jobs Data Improve

By Lawrence Malkin, International Herald Tribune

NEW YORK — U.S. wholesale prices fell in November for the first time in 10 months, the government reported Thursday, keeping the economy on a low-inflation track while the employment picture slowly improved.

The drop in the producer price index was 0.2 percent, although the largest factor was a 1.5 percent decline in energy prices, the biggest since January. There also was a 0.5 percent decline in food prices. Without these volatile factors, the index's core rate rose 0.1 percent, following a 0.1 percent drop in October.

So far this year, wholesale prices have risen only 1.4 percent, which gives the Federal Reserve maneuvering space to keep interest rates low as the economy improves. "Inflation is not a problem," said Edward Yardeni of C.J. Lawrence. His forecast for the core inflation rate is 2 percent. The numbers will influence the consumer price index, due out Friday. It runs higher because of service costs.

Blue Chip Economic Indicators, in a consensus forecast of 51 economists, predicted Thursday a 3.2 percent rise for the consumer price index next year, more than a percentage point below recent years and just a shade above this year's expected 3 percent.

Separately, the Labor Department reported that initial claims for unemployment pay fell by 38,000 during the week ended Nov. 28. But the large drop was partly caused by the Thanksgiving holiday. The total of 324,000 was the lowest level in more than three years.

Delta Looks At Staff and Dividend Cuts

United Press International

ATLANTA — Delta Air Lines, seeking to compensate for losses resulting from industry-wide fare discounting, is considering layoffs and possibly dividend reductions to conserve precious cash, airline sources said Thursday.

Staff cuts would most likely affect maintenance workers, reservation center workers, and some managers, said an executive of the third-largest U.S. airline.

Another source close to the Delta board said some directors were calling on the board to consider scaling back dividends.

"There are several proponents of a dividend cut, both in management and among outside directors," the source said.

The source said these people wanted to conserve cash and to ensure that sacrifices necessary to restore Delta to profitability were shared by shareholders as well as employees.

Delta had planned to lay off 100 pilots by Dec. 1 and another 100 or more by Jan. 1 but recently announced that it had canceled the planned cuts.

EUROPEAN COAL AND STEEL COMMUNITY

US\$ 50,000,000 Graduated Rate Bonds due 1999

The commission of the European Community informs herewith the holders of the above mentioned issue that the annual redemption instalment due January 15, 1993 covering a nominal amount of US\$ 1,500,000 has been entirely satisfied by drawing by lot.

The Bonds so drawn bear the numbers 22302 to 22801, these numbers inclusive.

The bonds are redeemable at par and cease to bear interest on January 15, 1993.

The bonds selected by lot will be reimbursed at/or after January 15, 1993 with coupons on January 15, 1993 and following attached in accordance with the terms of payment mentioned on the bonds.

The principal amount of bonds outstanding after the amortization of January 15, 1993 will be US\$ 36,500,000.

Luxembourg, December 11, 1992.

CURRENCY & INTEREST RATES

Cross Rates	Dec. 10
Australia	1.5025 1.5035 1.5045 1.5055 1.5065 1.5075 1.5085 1.5095 1.5105 1.5115 1.5125
Canada	70.40 70.45 70.50 70.55 70.60 70.65 70.70 70.75 70.80 70.85 70.90
France	6.55 6.56 6.57 6.58 6.59 6.60 6.61 6.62 6.63 6.64 6.65
Germany	1.36 1.37 1.38 1.39 1.40 1.41 1.42 1.43 1.44 1.45 1.46
Italy	166.30 166.40 166.50 166.60 166.70 166.80 166.90 167.00 167.10 167.20 167.30
Japan	163.30 163.40 163.50 163.60 163.70 163.80 163.90 164.00 164.10 164.20 164.30
Switzerland	1.48 1.49 1.50 1.51 1.52 1.53 1.54 1.55 1.56 1.57 1.58
UK	1.78 1.79 1.80 1.81 1.82 1.83 1.84 1.85 1.86 1.87 1.88
Spain	166.50 166.60 166.70 166.80 166.90 167.00 167.10 167.20 167.30 167.40 167.50
SEK	8.40 8.45 8.50 8.55 8.60 8.65 8.70 8.75 8.80 8.85 8.90
NZD	1.31 1.32 1.33 1.34 1.35 1.36 1.37 1.38 1.39 1.40 1.41

Eurocurrency Deposits	Dec. 10
1 month	3 1/8 3 1/4 3 1/2 3 3/4 4 0/8 4 1/8 4 1/4 4 1/2 4 3/4 5 0/8
3 months	3 5/8 3 7/8 4 0/8 4 1/8 4 1/4 4 1/2 4 3/4 5 0/8 5 1/8 5 3/8
6 months	4 1/8 4 3/8 4 5/8 4 7/8 5 0/8 5 1/8 5 1/4 5 3/4 5 5/8 5 7/8 6 0/8
1 year	4 3/4 5 0/8 5 1/4 5 3/4 5 5/8 5 7/8 6 0/8 6 1/4 6 3/8 6 5/8
2 year	5 1/4 5 3/4 5 5/8 5 7/8 6 0/8 6 1/4 6 3/8 6 5/8 6 7/8 7 0/8
3 year	5 3/4 5 7/8 6 0/8 6 1/4 6 3/8 6 5/8 6 7/8 7 0/8 7 1/4 7 3/4
4 year	5 7/8 6 1/4 6 3/8 6 5/8 6 7/8 7 0/8 7 1/4 7 3/4 7 5/8 7 7/8
5 year	6 1/4 6 3/8 6 5/8 6 7/8 7 0/8 7 1/4 7 3/4 7 5/8 7 7/8 8 0/8
6 year	6 3/8 6 5/8 6 7/8 7 0/8 7 1/4 7 3/4 7 5/8 7 7/8 8 0/8 8 1/4
7 year	6 5/8 6 7/8 7 0/8 7 1/4 7 3/4 7 5/8 7 7/8 8 0/8 8 1/4 8 3/4
8 year	6 7/8 7 0/8 7 1/4 7 3/4 7 5/8 7 7/8 8 0/8 8 1/4 8 3/4 8 5/8
9 year	7 0/8 7 1/4 7 3/4 7 5/8 7 7/8 8 0/8 8 1/4 8 3/4 8 5/8 8 7/8
10 year	7 1/4 7 3/4 7 5/8 7 7/8 8 0/8 8 1/4 8 3/4 8 5/8 8 7/8 9 0/8

Key Money Rates	Dec. 10
Discount rate	5.50 5.75 6.00 6.25 6.50 6.75 7.00 7.25 7.50 7.75 8.00
Prime rate	6.50 6.75 7.00 7.25 7.50 7.75 8.00 8.25 8.50 8.75 9.00
Federal funds	4.75 5.00 5.25 5.50 5.75 6.00 6.25 6.50 6.75 7.00 7.25
3-month T-bill	7.25 7.50 7.75 8.00 8.25 8.50 8.75 9.00 9.25 9.50 9.75
6-month T-bill	7.75 8.00 8.25 8.50 8.75 9.00 9.25 9.50 9.75 10.00 10.25
1-year T-bill	8.25 8.50 8.75 9.00 9.25 9.50 9.75 10.00 10.25 10.50 10.75
2-year T-bill	8.75 9.00 9.25 9.50 9.75 10.00 10.25 10.50 10.75 11.00 11.25
3-year T-bill	9.25 9.50 9.75 10.00 10.25 10.50 10.75 11.00 11.25 11.50 11.75
4-year T-bill	9.75 10.00 10.25 10.50 10.75 11.00 11.25 11.50 11.75 12.00 12.25
5-year T-bill	10.25 10.50 10.75 11.00 11.25 11.50 11.75 12.00 12.25 12.50 12.75

Statement of Income	(for the period April 1, 1992 to September 30, 1992) In Millions of Yen	Consolidated Net Sales (\$ in millions ending March 31 and Sept. 30)
Net sales	2,255,535	2,205
Cost of sales	1,591,708	2,205
Income before taxes and minority interests	36,842	2,205
Income taxes	29,788	2,205
Net income	4,057	2,205
Net income per share	1.62 (in Yen)	2,205

Balance Sheet	(September 30, 1992) In Millions of Yen	Liabilities and Shareholders' Equity	
Cash and cash equivalents	646,596	Bank loans and current portion of long-term debt	881,158
Notes and accounts receivable, trade	1,024,592	Notes and accounts payable, trade	771,154
Inventories	1,244,793	Other current liabilities	1,158,414
Other current assets	411,797	Long-term liabilities	1,423,263
Property, plant and equipment	1,312,952	Minority interests	141,649
Other assets	897,599	Shareholders' equity	1,182,321
Total assets	5,538,329	Total liabilities and shareholders' equity	5,538,329

In Touch with Tomorrow
TOSHIBA

MARKET DIARY

Dow and Nasdaq Ignore Upbeat Data

NEW YORK — Stock prices moved lower Thursday on the New York Stock Exchange in heavy trading despite positive economic reports, while the Nasdaq Combined Composite Index of over-the-counter shares dropped again. The Dow Jones industrial average fell 11.62 points to 3,312.19, with 51 declines in Goodyear Tire & Rubber Co. and Philip Morris Cos. accounting for much of the drop.

The market started poorly, despite reports that jobless insurance claims plunged and inflation at the wholesale level fell. First Chicago slid 1/4 to 33 3/4, the 11th biggest U.S. bank set up a partnership with the investment banking firm Chicago Corp. to provide investment banking and underwriting services to corporate clients.

National Semiconductor fell 2 3/4 to 10 1/4 on disappointment about second-quarter earnings. Micro Warehouse, an initial public offering, closed 5 1/4 above its initial offering price. Montgomery Securities priced 2.85 million common shares of the computer software maker at \$18 a share.

IBM slumped 3/4 to 6 1/4 amid concerns it will slash its dividend. Hospitality Franchise ended 2 3/4 above its initial offering price of \$16. The index has recently been at all-time highs.

Microsoft Corp., down 3 to 89, played a big part in the Nasdaq decline. The computer maker fell after an analyst at Donaldson Lufkin & Jenrette Securities lowered his rating on the stock, citing concerns about the stronger dollar, recession in Europe and poor sales for some products.

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KRONE: Norway Floats Currency

(Continued from first finance page) speculators resume their attack on the ERM. High interest rates, reinforced by Germany's cost of reunification, look increasingly unsustainable as impending recession in Germany and slowdown in the rest of Europe make it doubtful the rest of the EC can afford to keep rates so high.

While unemployment in Norway is a relatively low 6 percent, compared with nearly 11 percent in Denmark and France, analysts said the devaluation was imposed because the fragility of the banking system made it impossible to sustain high interest rates. In addition, the devaluations in Finland and Sweden as well as the currency depreciations by Britain, Italy, Spain and Portugal had left Norwegian industry at a competitive disadvantage.

Concurrent with the decision to float the krone, Norway also reduced its overnight interest rate to 11 percent, down 5 percentage points. The application of extremely high interest rates for a long time had not reversed an outflow of currency which had begun in November, the Norwegian central bank said, adding, "The protective measures have not proved sufficient, and the central bank has concluded that further measures would not be enough to stabilize the situation."

Meanwhile, the Danish and Dutch central banks intervened to support the Danish krone Thursday. The Deutsche mark rose to 3.8920 kroner from 3.8790 Wednesday.

Prime Minister Poul Schluter of Denmark said his currency was not in the same straits as the Norwegian crown gave in to pressure; the situation in Denmark is different. "Reuters quoted him as saying, "The Danish crown is strong and benefits from EMS participation."

The dollar rose against the Deutsche mark in U.S. trading Thursday, as political trouble in Russia sent investors looking for more stable currencies, news agencies reported from New York.

The dollar rose to 1.5792 DM from 1.5736 on Wednesday, and it also rose to 5.3965 French francs from 5.3638. The pound slipped to \$1.5550 from \$1.5665.

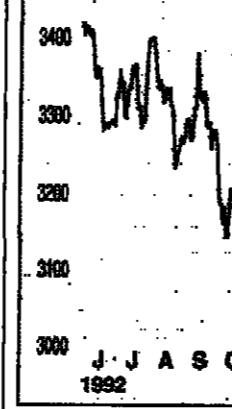
The Swiss and Japanese currencies, however, rose against the dollar, which closed at 123.650 yen, down from 124.025, and at 1,409 Swiss francs, down from 1,4105.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Helsinki, Brussels, Johannesburg, Frankfurt, London, Milan, Sao Paulo, Singapore, Stockholm, Toronto, and Zurich. Columns include Country, Index Name, Value, and Change.

The Dow

Daily closings of the Dow Jones industrial average



Dow Jones Averages

Table with columns: Index Name, High, Low, Close, Change. Includes Industrials, Utilities, SP 500, Comp.

Standard & Poor's Indexes

Table with columns: Index Name, High, Low, Close, Change. Includes Industrials, Utilities, SP 500.

NYSE Indexes

Table with columns: Index Name, High, Low, Close, Change. Includes Composite, Industrials, Utilities, Finance.

NASDAQ Indexes

Table with columns: Index Name, High, Low, Close, Change. Includes Composite, Industrials, Finance.

AMEX Stock Index

Table with columns: Index Name, High, Low, Close, Change. Includes Composite, Industrials, Finance.

Dow Jones Bond Averages

Table with columns: Index Name, High, Low, Close, Change. Includes 20 Bonds, 10 Utilities, 5 Industrials.

AMEX Most Actives

Table with columns: Symbol, Vol., High, Low, Last, Chg.

NYSE Most Actives

Table with columns: Symbol, Vol., High, Low, Last, Chg.

NYSE Diary

Table with columns: Symbol, Close, Prev.

Amex Diary

Table with columns: Symbol, Close, Prev.

NASDAQ Diary

Table with columns: Symbol, Close, Prev.

S&P 100 Index Options

Table with columns: Symbol, Close, Prev.

EUROPEAN FUTURES

Table with columns: Index Name, High, Low, Prev. Close, Change.

Food

Table with columns: Commodity, High, Low, Prev. Close, Change.

Metals

Table with columns: Commodity, High, Low, Prev. Close, Change.

Financial

Table with columns: Commodity, High, Low, Prev. Close, Change.

U.S. FUTURES

Table with columns: Index Name, High, Low, Close, Chg.

Grains

Table with columns: Commodity, High, Low, Close, Chg.

Metals

Table with columns: Commodity, High, Low, Close, Chg.

Livestock

Table with columns: Commodity, High, Low, Close, Chg.

Former Fox Chief Takes QVC Stake

NEW YORK (Combined Dispatches) — Barry Diller, former chairman of the Fox television network, agreed to buy \$25 million of stock in QVC Network Inc. and join with two major shareholders in seeking control of the cable-television retailer, the company said Thursday. Mr. Diller, who said he was seeking the QVC chairmanship, would pay \$30 a share to buy 833,000 shares from Comcast Corp. and Liberty Media Corp., which own 35 percent of QVC shares. Liberty Media said Monday it would buy an 80 percent voting stake in Home Shopping Network Inc., a rival to QVC. But the arrival of Mr. Diller brought speculation that QVC could be expanded into an entertainment channel as well. "Diller has created networks before. He could try here," said an analyst who asked not to be identified. QVC stock rose \$2.25 a share, to 33, on Thursday, and volume was 1.8 million shares, far above the three-month average of 261,000 a day. The announcement about Mr. Diller's stake came after the market closed. Separately, Time Warner Inc. listed its stake in QVC as part of \$3 billion in assets it planned to sell or exchange to reduce its \$16 billion debt. Time also listed holdings in Turner Broadcasting Systems Inc., Hasbro Inc., Black Entertainment Network, Whittle Communications, El Entertainment Network, Six Flags Corp. and Comedy Central as candidates for disposal. (Reuters, AFX, Bloomberg)

AT&T Rumored to Seek Cable Ally

NEW YORK (Bloomberg) — American Telephone & Telegraph Co. is rumored to be in discussions with Tele-Communications Inc. on forging an alliance to strengthen AT&T's position in the cable-television industry. AT&T has said it wants greater access to the cable-TV industry, TCI is the obvious joint-venture candidate, as the biggest American TV cable operator, said John Field, an analyst at Hanifen, Imhoff Inc.

Akzo Sets Coatings Link With Dexter

WINDSOR LOCKS, Conn. (Reuters) — Dexter Corp. said Thursday it planned a global alliance for aerospace coatings with Akzo Coating International BV, part of Akzo NV. Under the letter of intent, Dexter will transfer its U.S.-based coatings business to Akzo in exchange for cash plus Akzo's U.S.-based aerospace-coatings business. Akzo's aerospace business will be combined with Dexter's aerospace-coatings business in the United States.

For the Record

Rockefeller Center Properties Inc., citing the depressed Manhattan real estate market and its financial commitments, slashed its quarterly dividend nearly in half. The real estate investment trust, whose main asset is a \$1.3 billion mortgage loan to Rockefeller Group, the partnership that owns Rockefeller Center, declared a quarterly dividend of 25 cents a share, down from 48 cents. Rockefeller Group is 80 percent-owned by Mitsubishi Estate Co. of Japan and 20 percent-owned by the Rockefeller family. (Bloomberg) Sears, Roebuck & Co. had its bond rating cut by Moody's Investors Service for the second time in three months, with \$15 billion of debt downgraded because of weakness in its retail operation and hurricane-related losses at its Allstate Insurance unit. Moody's cut Sears senior debt rating to Baa1 from A3. (Bloomberg)

Oil Futures Jump on Supply Fears

NEW YORK — January West Texas Intermediate crude-oil futures rose 44 cents to \$19.28 a barrel on Thursday, in the wake of reports suggesting falling output, analysts said. The advance was spurred by reports, later denied by National Iranian Oil Co., that Iran would cut production and by concerns that Russian programs to restructure the oil industry may be disrupted by the coming referendum.

U.S. FUTURES

Table of U.S. futures markets including Grains, Metals, Livestock, and Food. Columns include Commodity, High, Low, Close, Chg.

U.S. FUTURES

Table of U.S. futures markets including Metals, Industrials, and Financial. Columns include Commodity, High, Low, Close, Chg.

U.S. FUTURES

Table of U.S. futures markets including Commodities and Stock Indexes. Columns include Commodity, High, Low, Close, Chg.

EUROPE

VW Doomed to Be GM of the 1990s?

By Ferdinand Protzman
New York Times Service

BONN—When automotive analysts talk about which European car company stands the best chance of competing on a global basis with Japan's auto manufacturers, Volkswagen AG is the name most frequently mentioned.

Over the year, however, that status has been eroded by a host of problems at Volkswagen, Europe's largest automotive concern. Sales and production are still rising but have slowed markedly during the year. And American sales have fallen substantially over the last few years, with no end in sight.

Volkswagen was forced to put about 12,000 workers at two of its German plants on short shifts recently. The company's production costs are persistently among the highest in the European motor industry, which gnaws away profit. Its earnings are slumping and some analysts are even forecasting a loss for next year.

Rather than speculating about how Volkswagen will fare against the Japanese, some are now wondering how the German giant will avoid turning into the General Motors Corp. of the 1990s.

"That is a real danger," said Daniel Jones, professor of motor-industry management at Cardiff University in Wales. "There is a strong parallel in the dinosaur-like quality of Volkswagen's operations and management. Both GM and Volkswagen have these huge management bureaucracies that do not accept there will have to be fundamental changes in their company if they are to compete in the future."

Solving the problems will fall to Ferdinand Piech, the former head of Audi AG, a Volkswagen subsidiary, who will take over from the

chairman, Carl Hahn, on Jan. 1. Mr. Piech has yet to outline his plans publicly. But company officials insist the situation is under control.

The executives are also facing problems at Volkswagen's headquarters in Wolfsburg, a classic, one-company city of 128,500 in the state of Lower Saxony. The state government

'Both GM and Volkswagen have these huge management bureaucracies.'

Daniel Jones of Cardiff University

owns about 20 percent of VW's stock, and the main plant, at Wolfsburg, has developed a global reputation as a white elephant.

"There is no other automobile production plant left on the planet like VW's headquarters in Wolfsburg," Mr. Jones said. "Most producers now have smaller, flexible facilities where they try to practice lean production techniques." At Wolfsburg, Mr. Jones explained, VW has some 60,000 people on five production lines in a building nearly one and a quarter miles (2 kilometers) long, all making the same product. "It's remarkably inefficient," he said.

Mr. Jones believes the company will have to shed 20,000 to 30,000 jobs to stay competitive, including many of its middle managers. Because of the excessive bureaucracy, it takes Volkswagen about seven years to introduce a

new model, compared with three to four years at other car companies, industry analysts said. Volkswagen expects to sell 3.5 million cars worldwide this year, its highest annual total and up from 3.13 million in 1991.

But, because of VW's high production costs, profit is expected to slip to 600 million Deutsche marks (\$380 million) in 1992, from 1.11 billion DM (\$705 million) last year. Although the company does not release its operating earnings, industry analysts say operations will produce a loss of more than 750 million DM this year.

Analysts do not like the look of VW's future. New car registrations in Germany have been falling this year, a trend that is seen continuing through the first half of 1993. Prospects are worse in the United States, the world's largest car market, where most German automakers are struggling. Since 1987, their share of the American market has fallen from 4.5 percent, or about 300,000 cars, to 2.7 percent, or just over 250,000.

The developments have taken a toll on Volkswagen's share price. After reaching a high in May of 410 DM on the Frankfurt stock exchange, the stock fell to a low early this month of 249.50 DM and closed on Thursday at 253.30 DM.

"All the news for Volkswagen has been bad of late," said Hubert Vermeulen, auto analyst at West Capital in Düsseldorf. "But I am not recommending investors sell. If the global market improves in the latter half of 1993, then Mr. Piech will have more room to maneuver."

"We are not in a crisis," Daniel Goeudevert, the head of the company's Volkswagen division, said recently. "But we are facing a critical year."

Major Hurdle Seen To a GATT Accord

Geneva

GENEVA—Senior diplomats and negotiators said Thursday that a potentially serious new obstacle had surfaced that could block completion of a wide-ranging world trade treaty by the end of the year.

According to the officials in several missions working with the General Agreement on Tariffs and Trade, the United States has begun suggesting it is not ready to accept the creation of a Multilateral Trade Organization, or MTO.

"If the U.S. is really putting into question the whole idea of the MTO with all the elements that are good, then that is a very serious problem," a senior European Community official said.

Envoys from several other countries in the 108-nation Uruguay Round negotiations said they were also alarmed.

"This is very concerning to us," said an ambassador from a Latin American country that is a major exporter. "The MTO is a vital part of the overall deal."

There was no immediate comment from the U.S. mission to GATT. But diplomatic sources said the development could reflect either U.S. environmental concerns or fears that the U.S. Congress might find the MTO unacceptable. Some environmental groups say an accord on an MTO would enforce-

ment powers would compel many countries to scale down laws on protecting the environment in order to remove barriers to free trade.

But senior trade diplomats said they believed U.S. concerns on the MTO could lie elsewhere.

They suggested that the issue could be compared with problems that arose when major economies sought to create an International Trade Organization after World War II. At that time, the U.S. Congress made clear it would not accept an ITO because this would encroach on its prerogatives.

As a result, the General Agreement on Tariffs and Trade, which was to have formed the textual core of rules and tariff concessions for the ITO, was converted into a provisional body without legal status.

As defined in the draft "final act" for the Uruguay Round, proposed last December by the GATT director-general, Arthur Dunkel, the MTO would be a fully-fledged international organization.

Membership would involve accession to a treaty, which would have to be approved by national parliaments, incorporating all GATT accords, including all the results of the Uruguay Round.

Diplomats said this could effectively remove Washington's right to take unilateral action against trade partners it saw as violating the accords.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1900	2000	2100
1800	2200	2000
1700	2400	1900
1600	2600	1800
1500	2800	1700
1400	3000	1600

Exchange Index Thursday Close Prev. Close % Change

Amsterdam	CBS Trend	105.30	106.20	-0.85
Brussels	Stock Index	5,558.70	5,567.07	-0.15
Frankfurt	DAX	1,494.48	1,500.58	-0.41
Frankfurt	FAZ	691.42	694.65	-0.54
Helsinki	HEX	867.92	880.70	-1.45
London	Financial Times 30	2,064.20	2,074.80	-0.51
London	FTSE 100	2,726.50	2,750.70	-0.88
Madrid	General Index	212.21	211.37	+0.40
Milan	MBE	840.00	849.00	-1.06
Paris	CAC 40	1,769.48	1,791.19	-1.21
Stockholm	Aktieindexen	1,006.60	1,007.28	-0.07
Vienna	Stock Index	344.82	346.20	-0.40
Zurich	SSS	658.10	654.60	+0.23

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Pilkington Group PLC, the diversified glassmaker, said pretax profit fell by 67 percent in the six months to Sept. 30, to £17.7 million (\$28 million), from £54.6 million a year earlier, and announced that it would sell its U.S.-based Sola lenses subsidiary.
- Eurotunnel PLC said its talks with Transmanche Link about cost overruns were continuing, and denied French press reports that TML broke off negotiations with Eurotunnel on Nov. 30.
- Neste Markkinointiyhdistys, part of Finland's Neste Oy, is to restructure with a possible loss of 100 to 250 jobs in 1993 and 1994, Neste said.
- The Romanian Commodity Exchange reopened after a 63-year break during Communist rule in Bucharest with the sale of \$1,300-worth of calf leather as the only recorded transaction.
- DAF NV's British financing unit Truck Funding PLC has repackaged £180 million of its short-term debt into floating-rate notes due 1997 through London-based UBS/Phillips & Drew.

Guinness, LVMH Take Hit

LONDON—Shares of Guinness PLC and LVMH Moët Hennessy Louis Vuitton SA extended their losses Thursday as analysts cut their profit forecasts amid concerns about slowing growth.

Colin Humphreys, an analyst at Panmure Gordon & Co., cut his 1992 pretax profit outlook for Guinness to €960 million (\$1.5 billion) from €920 million, after the brewer met with analysts Wednesday.

"If there isn't much volume growth, and you're committed to selling premium brands, you need to be able to adopt a strong pricing policy," he said. But pursuing an aggressive pricing policy would be difficult for Guinness, he added, given lower inflation and the recession.

Guinness shares finished 21 pence lower at 481. In Paris, LVMH shares ended 175 francs (\$32.62) lower at 3,515. Guinness owns 24.6 percent of LVMH, which is run by two owners, with 25 percent of Guinness.

Other British brewers fell as well, with Bass PLC off 6 pence at 605, Allied-Lyons PLC down 14 pence to 615, and Whitbread PLC 3 pence lower at 447. Grand Metropolitan PLC, however, rose 10 pence to 430 as investors switched from Guinness.

Minister Promises Aid For French Real Estate

PARIS—Finance Minister Michel Sapin said Thursday the government would announce measures to support France's real estate market late next week. He did not specify what relief would be offered.

Real estate prices in France have slumped since the late 1980s, especially in the Paris office market, and bankruptcy among professional property investors has ballooned. French banks, whose loans to the property sector stand at around 300 billion francs (\$55.93 billion), have been stung by the crisis.

Mr. Sapin said the real estate measures would form part of an overall package to bolster the economy and would appear in the Finance Act for 1993.

The president of the French banking association, Michel Freyche, said late Wednesday that banks had made proposals to Mr. Sapin, who had listened carefully. The La Tribune Desaffaires financial newspaper reported that among the proposals was a measure to create a savings plan to raise funds to refinance developers and others with heavy exposure to the depressed real estate sector.

The general view is that the minister will introduce technical measures applying to real estate professionals and will not change arrangements, such as tax allowances for rent receipts, directly affecting the public. Many analysts said investors should be entitled to set losses on property against overall income. This allowance was abolished in 1974.

BANKS: Wide Margins Drive Profits to Record for 3d Straight Quarter

(Continued from first finance page)

Association. "But instead of heading into the tank, the banking industry is quickly headed to its best year on record."

The FDIC attributed the record profits to a historically wide margin between interest rates banks pay for deposits and the rates they earn on their assets, which include loans and securities. Banks with more than \$100 million in assets had an average interest-rate margin of 4.43 percent in the third quarter. Bank interest rate margins re-

mained wide because of the historically large difference between short- and long-term interest rates. The yield on a 10-year Treasury note is now about 330 basis points above the yield on a six-month Treasury bill.

"We have never seen such a steep yield curve in the history of the FDIC," an FDIC official said.

Bank lending to consumers increased for the first time in 18 months, a sign that the economy is improving. Loans and leases registered a \$3.7 billion increase in the

third quarter, ending six consecutive quarters of loan shrinkage. While residential mortgage and consumer installment loans showed strong gains, commercial and industrial loans declined by \$6.6 billion, the FDIC said.

Commercial banks continue to plough money into securities instead of loans to industry. The banks' holdings of mortgage-backed securities increased by \$12.1 billion, while Treasury securities on their books increased by \$10 billion.

Asset-quality problems eased at commercial banks in the third quarter, but at a slow rate. Troubled assets carried by the commercial banks shrank by \$2.25 billion during the quarter to \$97.4 billion. Troubled assets at commercial banks declined by \$5.2 billion in the first nine months of 1992.

Only nine commercial banks failed in the third quarter, the lowest quarterly total since seven banks failed in the fourth quarter of 1983. The number of commercial banks on the FDIC's problem list declined by 47, to 909 at the end of the third quarter.

But combined assets of problem banks, now at \$487.9 billion, were about \$87 billion higher than in last year's third quarter. The combined assets of problem banks have risen from \$174 billion in 1985.

The FDIC is particularly concerned about banks in California and the Northeast that have significant commercial real estate exposure.

TOYS: 'Tis the Season to Turn the Movies Into Gold

(Continued from first finance page)

most guaranteed success. That feeling of safety is reflected in its stock price: After going public at \$10.50 a share in October, Just Toys stock has climbed to a high of \$17.50 this year, and was trading Wednesday at \$15.50, up 50 cents, on the over-the-counter market.

While the company has been granted a license to make wind-up toys based on the Aladdin movie, that is a new product for Just Toys and does not have the track record of Bend-Ems. In addition, the new toy will not be on the market until January, after the Christmas rush. And kids can already buy "Aladdin" wind-up toys, although not of the same quality, with children's meals at Burger King restaurants.

The lack of the license cannot be laid to a management mistake at Just Toys. Like many toymakers, the company gets such licenses at the whim of Disney, Mattel, which pays Disney huge sums for its master license, is almost certainly interested in pressing Disney to keep Aladdin toys from competitors out of the market as long as possible.

1992

The World's Rendezvous With Europe

Which has more employees: the EC bureaucracy in Brussels or the Scottish Office in London?

See the IHT's advertising section on **THE SINGLE MARKET**, Monday, December 14.

Herald Tribune

ANNOUNCEMENT

In order to renew its fleet - comprised of 9 D.C. 9 and 7 Boeing 727 planes - Turkish Airlines has decided to lease Boeing 737-400 planes. Proposal made by the leasing companies concerning the aforementioned transaction, will be evaluated according to the prerequisites given below:

- Planes in question are thought to be leased between the dates of March 1993 - June 1994.
- Planes must be brand new (not even one flight experience is accepted) and shall be delivered to Turkish Airlines by Boeing.
- The most convenient leasing dates will be the decisive factor for Turkish Airlines Inc. to select its partners for the leasing procedures in question.
- Leasing period will be for 10 years for all planes and the payments are to be monthly.
- Deadline for all proposal's, 25 December till 5:00 p.m.
- Evaluation of all propositions will have ended on 30 January 1993.
- All proposals, for the leasing in question, are to be made directly by the company that owns the planes, to Turkish Airlines. All proposals made by the representatives will be disregarded.
- All planes must have the configurations asked by Turkish Airlines Incorporated. After having been presented the desired specifications, Turkish Airlines, will hand them over to the appropriate persons, who will take over thereof.

TURKISH AIRLINES
MAINTENANCE CENTER (B - GATE) ATATURK AIRPORT
YESILKOY - ISTANBUL / TURKEY
FAX: 90 (11) 574 09 03 - 573 73 89

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France	01-800-877-1111
Germany	01-800-877-1111
Greece	01-800-877-1111
Hong Kong	01-800-877-1111
India	01-800-877-1111
Indonesia	01-800-877-1111
Italy	01-800-877-1111
Japan	01-800-877-1111
Korea	01-800-877-1111
Malaysia	01-800-877-1111
Mexico	01-800-877-1111
Netherlands	01-800-877-1111
New Zealand	01-800-877-1111
Norway	01-800-877-1111
Philippines	01-800-877-1111
Portugal	01-800-877-1111
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in the world. Tell the operator how you'd like your call billed: to your Sprint FÖNCARDSM, your U.S. local calling card, or collect to the U.S. only. Then call fluently from country to country, saving money around the world with Sprint Express.

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NYSE

Thursday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Stock	High	Low	Open	Close	Change
IBM	158 1/8	157 1/8	157 3/4	157 3/4	+1/8
GE	34 3/4	34 1/8	34 1/2	34 1/2	+1/4
AT&T	39 1/4	39 1/8	39 1/4	39 1/4	+1/8
Amgen	37 1/4	37 1/8	37 1/4	37 1/4	+1/8
Boeing	57 1/4	57 1/8	57 1/4	57 1/4	+1/8
Chrysler	19 1/4	19 1/8	19 1/4	19 1/4	+1/8
Eastman	14 1/4	14 1/8	14 1/4	14 1/4	+1/8
Exxon	42 1/4	42 1/8	42 1/4	42 1/4	+1/8
Ford	11 1/4	11 1/8	11 1/4	11 1/4	+1/8
General	13 1/4	13 1/8	13 1/4	13 1/4	+1/8
Johnson	16 1/4	16 1/8	16 1/4	16 1/4	+1/8
Kodak	12 1/4	12 1/8	12 1/4	12 1/4	+1/8
McDonald's	15 1/4	15 1/8	15 1/4	15 1/4	+1/8
PepsiCo	18 1/4	18 1/8	18 1/4	18 1/4	+1/8
Procter	10 1/4	10 1/8	10 1/4	10 1/4	+1/8
Rockwell	17 1/4	17 1/8	17 1/4	17 1/4	+1/8
Schlumberger	11 1/4	11 1/8	11 1/4	11 1/4	+1/8
Sears	14 1/4	14 1/8	14 1/4	14 1/4	+1/8
Walt Disney	13 1/4	13 1/8	13 1/4	13 1/4	+1/8
Wal-Mart	16 1/4	16 1/8	16 1/4	16 1/4	+1/8
Wendy's	12 1/4	12 1/8	12 1/4	12 1/4	+1/8
Yield	7 1/4	7 1/8	7 1/4	7 1/4	+1/8
Yield	8 1/4	8 1/8	8 1/4	8 1/4	+1/8
Yield	9 1/4	9 1/8	9 1/4	9 1/4	+1/8
Yield	10 1/4	10 1/8	10 1/4	10 1/4	+1/8
Yield	11 1/4	11 1/8	11 1/4	11 1/4	+1/8
Yield	12 1/4	12 1/8	12 1/4	12 1/4	+1/8
Yield	13 1/4	13 1/8	13 1/4	13 1/4	+1/8
Yield	14 1/4	14 1/8	14 1/4	14 1/4	+1/8
Yield	15 1/4	15 1/8	15 1/4	15 1/4	+1/8
Yield	16 1/4	16 1/8	16 1/4	16 1/4	+1/8
Yield	17 1/4	17 1/8	17 1/4	17 1/4	+1/8
Yield	18 1/4	18 1/8	18 1/4	18 1/4	+1/8
Yield	19 1/4	19 1/8	19 1/4	19 1/4	+1/8
Yield	20 1/4	20 1/8	20 1/4	20 1/4	+1/8

Market Summary
 The New York Stock Exchange closed Thursday with a gain, as investors reacted to reports that the Federal Reserve might raise interest rates. The Dow Jones Industrial Average rose 15.12 points to 2,813.42. The NYSE Composite Index advanced 18.35 points to 1,178.42. Volume was heavy, with over 1 billion shares traded.

Market Reaction
 The market's reaction to the Fed's move was mixed. While some sectors, like technology and healthcare, saw gains, others, particularly energy and financials, declined. Analysts note that the Fed's move was aimed at curbing inflation and stabilizing the economy.

Key Sectors
 Technology stocks, including IBM and Microsoft, showed strong performance. Healthcare stocks, such as Amgen and Johnson & Johnson, also gained. However, energy stocks like Exxon and financial stocks like General Motors and Ford experienced losses.

Global Markets
 International markets showed mixed results. The London Stock Exchange fell 2.50 points to 2,150.00. The Tokyo Nikkei Index rose 120.00 points to 18,500.00. The Hong Kong Hang Seng Index advanced 50.00 points to 5,800.00.

Commodity Prices
 Oil prices fell 1.00 dollar to \$22.50 per barrel. Gold prices rose 10.00 dollars to \$380.00 per ounce. Silver prices advanced 0.50 dollars to \$4.50 per ounce.

Currency Exchange
 The US Dollar strengthened against the Japanese Yen, rising from 148.50 to 149.50. The Dollar also gained against the British Pound, moving from 1.65 to 1.66.

Market Outlook
 Analysts expect a volatile market in the coming weeks. The Fed's move to raise interest rates is expected to have a dampening effect on the economy. However, strong corporate earnings reports could provide a boost to the market.

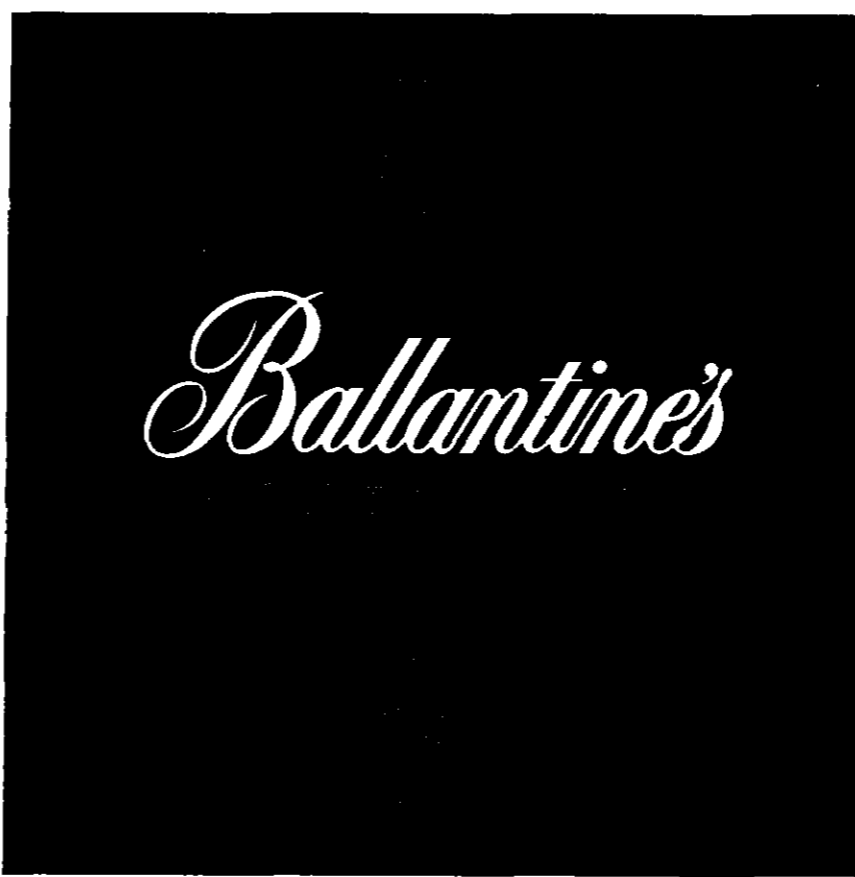
Investment Advice
 Investors should remain cautious but look for opportunities in sectors that are not as sensitive to interest rate changes, such as technology and healthcare. Diversification remains a key strategy for risk management.

Company News
 Microsoft announced a new software product, which was well-received by investors. Johnson & Johnson reported strong earnings, leading to a rise in its stock price. Exxon announced plans to invest in new energy technologies.

Analyst Reports
 Several analysts have issued reports on the market. Some are bullish, predicting a recovery in the near future, while others are bearish, warning of a prolonged period of low growth.

Market Data
 The following table shows the closing prices for major stocks on Thursday:

Stock	Price
IBM	157 3/4
GE	34 1/2
AT&T	39 1/4
Amgen	37 1/4
Boeing	57 1/4
Chrysler	19 1/4
Eastman	14 1/4
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Kodak	12 1/4
McDonald's	15 1/4
PepsiCo	18 1/4
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Schlumberger	11 1/4
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Yield	9 1/4
Yield	10 1/4
Yield	11 1/4
Yield	12 1/4
Yield	13 1/4
Yield	14 1/4
Yield	15 1/4
Yield	16 1/4
Yield	17 1/4
Yield	18 1/4
Yield	19 1/4
Yield	20 1/4



Ballantine's
 The image shows the iconic logo for Ballantine's, a well-known brand in the spirits industry. The logo is rendered in a classic, elegant script font.

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Yield	11 1/4
Yield	12 1/4
Yield	13 1/4
Yield	14 1/4
Yield	15 1/4
Yield	16 1/4
Yield	17 1/4
Yield	18 1/4
Yield	19 1/4
Yield	20 1/4

NASDAQ

Thursday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. Contains market data for various NASDAQ-listed securities.

Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. Continuation of NASDAQ market data.

Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. Continuation of NASDAQ market data.

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Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. Continuation of NASDAQ market data.

NYSE

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press.

Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. NYSE market data.

Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. NYSE market data.

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Table with columns: Symbol, Div, Yld, PE, High, Low, Last, Chg, Vol, Open, Close. NYSE market data.

INTERMARKET FUND

Société Anonyme
2, boulevard Royal LUXEMBOURG
R.C. LUXEMBOURG B-8622

Messieurs les actionnaires sont priés d'assister à l'ASSEMBLEE GENERALE EXTRAORDINAIRE

de la société qui se tiendra au siège social, le 22 décembre 1992 à 9h30 et qui débitera sur l'ordre du jour suivant:

ORDRE DU JOUR

- I. Modifications des statuts de manière à:
A) 1) Modification du premier paragraphe de l'article 3 des statuts pour lui donner la teneur suivante:
2) Suppression du huitième paragraphe de l'article 3 des statuts.
B) Modification de l'article 16 des statuts pour lui donner la teneur suivante:

ARTICLE SEIZI:
Le conseil d'administration, appliquant le principe de la répartition des risques, a le pouvoir de déterminer l'orientation générale de la gestion et la politique d'investissement ainsi que les lignes de conduite à suivre dans l'administration de la Société.
Le conseil d'administration fixe également toutes les restrictions qui seront applicables aux investissements de la Société, comprennent sans limitation des restrictions relatives:
a) aux emprunts de la Société et à la mise en gage de ses avoirs;
b) au pourcentage maximum de son capital qu'elle peut investir sans s'importer quelle forme ou sorte de valeurs mobilières et au pourcentage maximum de son capital qu'elle peut acquérir;
c) et de ceux qu'elle investit dans d'autres organismes de placement collectif. Dans ce contexte, la Société ne peut acquérir des actions ou des parts d'un organisme de placement collectif de type ouvert que dans le cadre des conditions et restrictions suivantes:
(i) cet organisme de placement collectif est un organisme de placement collectif en valeurs mobilières tel que visé par la directive du Conseil du 20 décembre 1985 (85/611/CEE) portant coordination des dispositions législatives, réglementaires et administratives concernant certains organismes de placement collectif en valeurs mobilières;
(ii) l'investissement dans les actions d'une société d'investissement de type ouvert à laquelle la Société est liée dans le cadre d'un mandat de gestion ou de contrôle ou par une importante participation directe ou indirecte, ou dans les parts d'un fonds commun de placement de type ouvert géré par une société à laquelle la Société est liée dans le cadre d'un mandat de gestion ou de contrôle ou par une importante participation directe ou indirecte, sera permis seulement (i) dans le cas d'une société d'investissement ou d'un fonds commun de placement qui, conformément à ses règlements, s'est spécialisé dans l'investissement dans un secteur géographique ou économique particulier et (ii) si aucune commission ni aucun frais n'est porté en compte pour les transactions relatives à ces investissements;
(iii) aucun investissement dans un organisme de placement collectif de type ouvert ne peut avoir lieu s'il a pour conséquence que la valeur de tous les placements dans ces organismes de placement collectif excède 5% de ses avoirs nets totaux.

Le conseil d'administration peut décider que des investissements de la Société seront faits (i) dans des valeurs mobilières admises à la cote officielle d'une bourse de valeurs dans n'importe quel Etat Membre de la Communauté Economique Européenne, (ii) dans des valeurs mobilières admises à la cote officielle d'une bourse de valeurs reconnue dans tout autre Etat membre de l'OCDE, d'Asie, d'Océanie, des continents américains et d'Afrique, (iii) dans des valeurs mobilières négociées sur un autre marché réglementé dans tout Etat Membre de la Communauté Economique Européenne ou un des autres Etats mentionnés ci-dessus, étant entendu qu'un tel marché doit avoir un fonctionnement régulier et doit être reconnu et ouvert au public, (iv) dans des valeurs mobilières nouvellement émises sous réserve que les conditions d'émission comportent l'engagement de faire une demande d'admission à la cote officielle d'une quelconque bourse de valeurs ou d'un quelconque autre marché réglementé visé ci-dessus et que cette admission soit obtenue dans un délai d'un an à partir de l'émission, ainsi que (v) dans toutes autres valeurs mobilières, instruments ou autres avoirs dans le cadre des restrictions qui seront déterminées par le conseil d'administration en conformité avec les lois et règlements applicables.

La Société peut cependant, en vertu de l'Article 43 de la loi luxembourgeoise du 30 mars 1988 sur les organismes de placement collectif, investir jusqu'à 100 % des avoirs nets dans différentes émissions de valeurs mobilières émises ou garanties par un Etat Membre de la Communauté Economique Européenne, par ses collectivités publiques territoriales, par un Etat qui fait partie de l'OCDE ou par des organismes internationaux à caractère public dont font partie un ou plusieurs Etats Membres de la Communauté Economique Européenne et en ce cas, la Société doit détenir des valeurs appartenant à six émissions différentes au moins, sans que les valeurs appartenant à une même émission puissent excéder 30 % du montant total des actifs nets de la Société.

- C) Modification de premier paragraphe de l'Article 23 pour lui donner la teneur suivante: "La Valeur Nette des actions de la société sera déterminée périodiquement, selon que le conseil d'administration en décide, mais au moins deux fois par mois, (le jour lors duquel l'augmentation du capital social en un ou plusieurs fois jusqu'à concurrence de vingt millions de dollars US (USD 20,000,000) par l'émission d'actions soit au porteur, soit nominatives, d'une valeur nominale de dix dollars US (USD 10) par action.

II. Renouvellement pour une nouvelle période de 5 ans de l'autorisation accordée aux membres du Conseil d'Administration de procéder à l'augmentation du capital social en un ou plusieurs fois jusqu'à concurrence de vingt millions de dollars US (USD 20,000,000) par l'émission d'actions soit au porteur, soit nominatives, d'une valeur nominale de dix dollars US (USD 10) par action.

III. Nomination de deux administrateurs.
Il est porté à l'attention des actionnaires que le quorum requis pour les résolutions est de 50% des actions en circulation et que les résolutions y afférentes peuvent être votées par une majorité des 2/3 des actions représentées. Pour être prises en considération, les propositions doivent être déposées au siège de la société au plus tard à 17 heures la veille de l'assemblée générale. Les détenteurs d'actions au porteur sont priés de déposer leurs actions auprès de la Banque Internationale à Luxembourg, 2, boulevard Royal, Luxembourg ou auprès de la Banque Arab et Internationale d'Investissement, 12, Place Vendôme, 75001 Paris.
Des formulaires de procuration sont disponibles au siège de la société et auprès de la Banque Arab et Internationale d'Investissement.

Le Conseil d'Administration

For investment information
read THE MONEY REPORT
every Saturday in the IHT

AMEX

Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High/Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
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12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
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12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
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12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00
12/10	AMEX	1.14	1.24	20	11.5	11.5	11.5	11.5	0.00

THE FRONT PAGE 1887-1992
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Handwritten note: 12/11/92

A British Farewell to Tokyo
Broker Quits Hard-Won Seat on Exchange

Compiled by Our Staff From Dispatches
TOKYO — County NatWest Securities Japan Ltd., a subsidiary of National Westminster Bank PLC, said Thursday that it would give up its hard-won seat on the Tokyo Stock Exchange...

County NatWest, a mid-sized British securities house, was offered a seat on the exchange in December 1987 after the British government threatened to remove licenses from Japanese financial firms in London unless Tokyo admitted more British members...

County NatWest's decision to return its seat will add ammunition to the often-heard Japanese complaint that foreign companies are not in for the long haul when they enter Japanese markets...

"We have been up against extremely large and powerful competitors in a market that has not been growing over the last two years," said Scott Dobie, joint chairman of County NatWest.

The banking and bond business in Japan of County NatWest and the rest of the National Westminster group is profitable, and is unaffected by the retreat from Japanese stocks, it said.

Mitsui Sato, deputy president of the Tokyo Stock Exchange, said he understood County NatWest's decision.

Tokyo Aides \$86 Billion Package
Out of Sync Aimed at Reviving Japanese Economy
On Rice Ban

Compiled by Our Staff From Dispatches
Top Japanese officials sent mixed signals Thursday on the country's rice-imports policy...

TOKYO — Japan's parliament delivered Thursday night a long-awaited dose of stimulus to the nation's slumping economy, approving an \$86 billion package of public works and other spending measures.

Counting after weeks of delay, enactment of the budgetary package is sure to be welcomed not only at home but abroad, since the spending of vast sums for road repair, housing and small-business loans should boost Japanese growth modestly and, indirectly, lift the ailing global economy a bit as well.

But Japan's economic outlook remains so poor that maneuvering has already begun to shape a new package of stimulative measures, possibly including a sizable tax cut for consumers.

A mounting chorus of private economists, business leaders and government officials has been declaring in recent days that the emergency package approved Thursday, which applies to the current fiscal year ending in March 1993, must be supplemented by another set of measures for the next fiscal year, lest Japan's recession linger.

This is a step in the right direction," said Peter Morgan, an economist in Merrill Lynch's Tokyo office. "But given the pervasive weakness we're seeing in both business capital spending and consumer spending, we're looking for an income-tax cut next year on the order of 3 billion yen (about \$24 billion), additional increases in public spending and further monetary easing."

Even an official of the notoriously tight-fisted Ministry of Finance acknowledged Thursday that a substantial amount of new stim-

Investor's Asia
Table with columns: Exchange, Index, Thursday Close, Prev. Close, % Change. Includes data for Hong Kong, Singapore, Tokyo, Sydney, etc.

Very briefly:

- Hong Kong stocks had another loss as China and Britain reported their failure to reach any agreement on their political dispute during three days of talks...
Australia's unemployment rate rose to a post-World War II high of 11.4 percent in November...

Australia and Japan Set to Expand Air Links

Compiled by Our Staff From Dispatches
CANBERRA — Australia announced Thursday that it had reached an agreement with Japan to expand air routes between the two countries by 40 percent over the next two years...

Transport Minister Bob Collins said the accord allowed for a second Australian carrier to apply for the right to serve the Japan-Australia market, and paved the way for Australian carriers to serve the new international airport near Osaka when it opens in 1994...

INTERNATIONAL FUNDS

Dec. 10, 1992
Questions supplied by funds listed. Not asset value questions are supplied by the Funds listed with the exception of some quotes based on issues prices.

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